FORTIS INC.

Electrifying GROWTH

2000 Annual Report

Fortis Inc. is a diversified electric utility holding company. The Corporation holds all the common shares of Newfoundland Power and Maritime Electric which are the principal distributors of electricity in the provinces of Newfoundland and Prince Edward Island, respectively. Through Maritime Electric, Fortis Inc. owns FortisUS Energy which operates four hydroelectric generating stations in upper New York State.

Corporate Profile

The Corporation also holds 67 per cent of the outstanding shares of Belize Electricity, the distributor of electricity in the country of Belize, Central America. Fortis Inc. holds a 95 per cent interest in Belize Electric Company which owns and operates the Mollejon hydroelectric facility, a 25 megawatt generating plant which sells its entire output to Belize Electricity. As well, the Corporation holds a 50 per cent interest in Canadian Niagara Power, an integrated electric utility serving customers in Fort Erie, Ontario and supplying energy to customers in Canada and the United States. Fortis Inc. also holds a 20 per cent interest in Caribbean Utilities, the sole provider of electricity on Grand Cayman, Cayman Islands.

Through two non-utility subsidiaries, Fortis Properties and Fortis Trust, the Corporation has investments in real estate, hotel operations and financial services.

In total, the Fortis Group of Companies employs a dedicated team of 2,500 employees and has $1.5 billion in assets.

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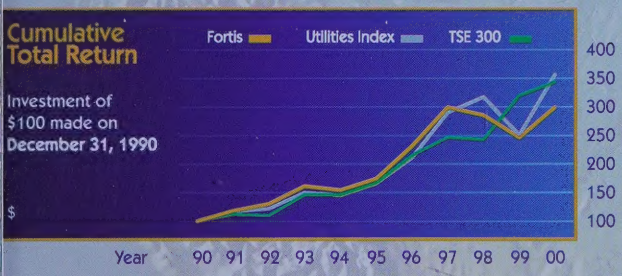
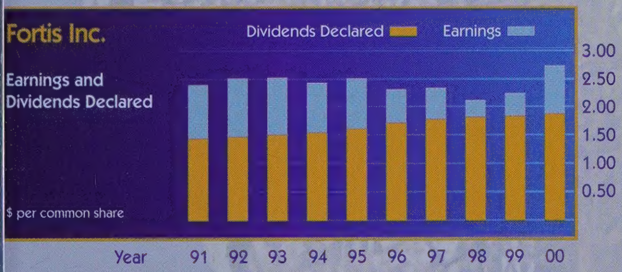
Cover Photo: *Mollejon hydroelectric facility, Belize, Central America. In January 2001, Fortis acquired a 95 per cent interest in Belize Electric Company Limited, which owns and operates the Mollejon hydroelectric facility.*



inancial Highlights

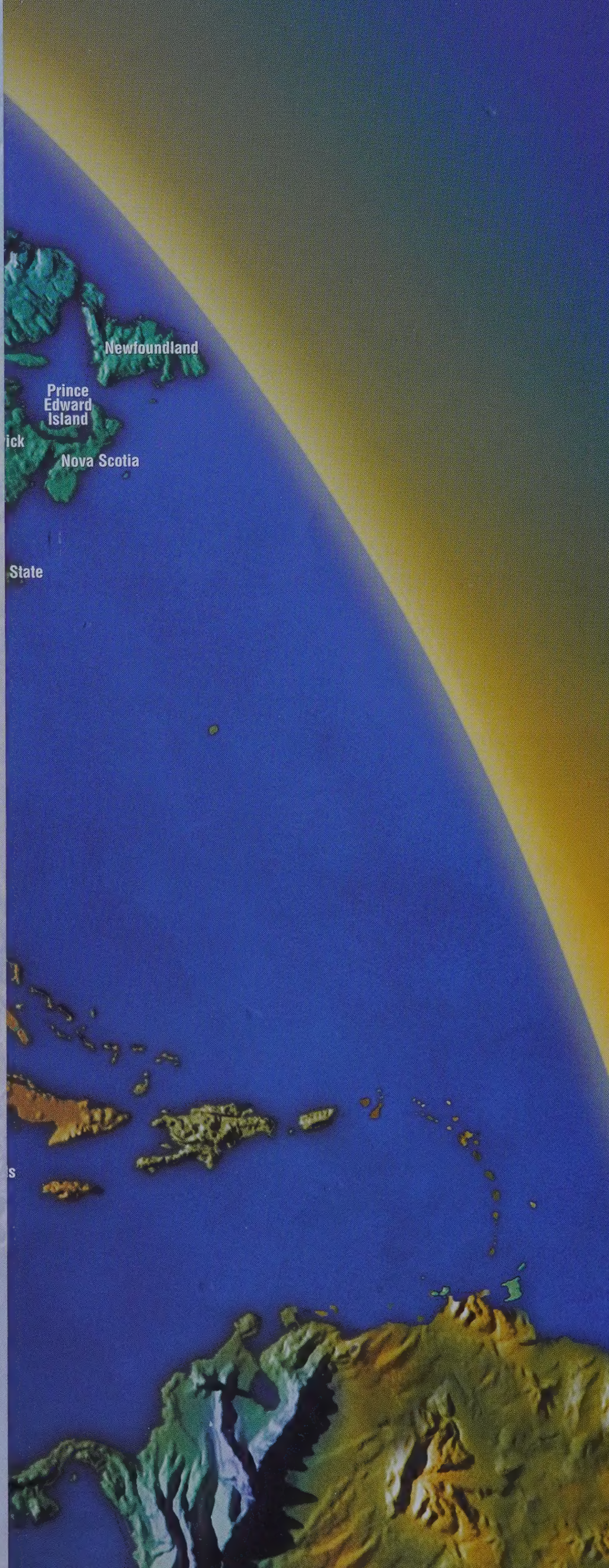


nnual Comparison (Dollars in Millions)

	2000	1999
Operating revenues	**584.6**	505.2
Earnings applicable to common shares	**36.8**	29.2
Total assets	**1,478.6**	1,238.6
Common shareholders' equity	**412.1**	343.8
Cash from operations	**100.5**	84.7

uarterly Earnings & Dividends Paid per Common Share

(Dollars in Millions)	**2000**		1999	
Quarter Ended	**Earnings**	**Dividends**	Earnings	Dividends
March 31	**0.83**	**0.46**	0.81	0.45
June 30	**0.76**	**0.46**	0.61	0.45
September 30	**0.39**	**0.46**	0.38	0.45
December 31	**0.74**	**0.46**	0.44	0.46
Annual Totals	**2.72**	**1.84**	**2.24**	**1.81**



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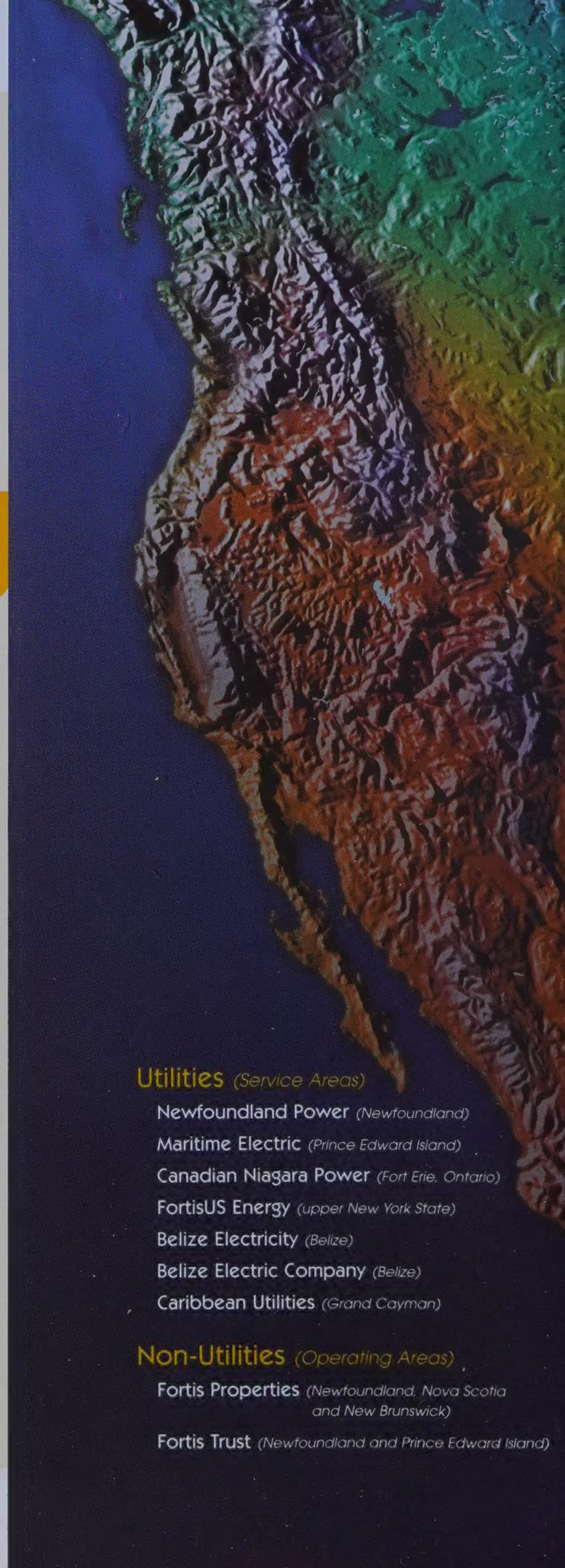



Newfoundland
Prince Edward Island
New Brunswick
Nova Scotia
Ontario
New York State
Cayman Islands
Belize

Our strategy of profitable growth produced record earnings in 2000. All recent acquisitions performed well ahead of plan and all our other operations achieved improved earnings over the prior year with the exception of Maritime Electric Company, Limited ("Maritime Electric") which had a very difficult year.

Report to Shareholders

Earnings applicable to common shares grew 26 per cent to $36.8 million from $29.2 million in 1999. Earnings per common share increased 21 per cent to $2.72 from $2.24 per share. Fortis has a strong track record of earnings growth, having realized earnings increases in 11 of the past 13 years and having doubled earnings since its inception in 1987.

Through its operating subsidiaries, Fortis Inc. has been in the electric utility business for over 110 years.

Over that time period, our assets have grown from $390 million to $1.5 billion. We are committed to delivering quality service to our customers while delivering growth in earnings for our shareholders.

Fortis was active in the financial markets in 2000 completing two significant financings. We raised $51.8 million in additional equity through the issuance of common shares and successfully completed our first public debt offering raising $100 million in a challenging market environment. At year-end, our balance sheet was strong and our overall risk profile was maintained positioning Fortis for further growth in investments and earnings in 2001.

Fortis acquired a 20 per cent interest in Caribbean Utilities Company, Ltd. ("Caribbean Utilities") early in 2000, one of the most reliable and efficient power companies in the Caribbean. The utility is a fast-growing company operating in a strong economic environment. In 2000, dividends of $3.1 million were received from Caribbean Utilities. On October 30, 2000, the company increased its regular quarterly dividend to US$0.145 from US$0.12 per Class A Ordinary Share. On an annualized basis, dividends per share increased 21 per cent to US$0.58 from US$0.48.

FortisUS Energy Corporation ("FortisUS Energy") acquired two hydroelectric generating stations in upper New York State in December 2000. These investments are in keeping with our long term plan to acquire additional hydroelectric generating capacity in the eastern United States. FortisUS Energy contributed $0.6 million to our bottom line this year.

Newfoundland Power Inc. ("Newfoundland Power") realized earnings of $26.5 million, a 16 per cent increase over earnings of $22.9 million in 1999.

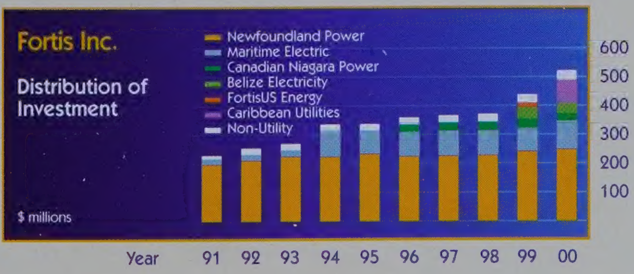
H. Stanley Marshall, President and Chief Executive Officer, Fortis Inc. (left) and Dr. Angus A. Bruneau, Chair of the Board, Fortis Inc. (right).

In accordance with the automatic annual adjustment formula approved by the Newfoundland and Labrador Board of Commissioners of Public Utilities, the allowed rate of return on rate base for Newfoundland Power was raised from 9.98 per cent for 1999 to 10.28 per cent for 2000. A long-standing income tax issue relating to the deductibility of certain expenditures was resolved in the company's favour in 2000. A refund of the tax with interest provided income that would have exceeded the maximum allowed rate of return on rate base. As a result, the company has proposed a $6.6 million rebate to its customers early in 2001.

Several factors combined to significantly depress the earnings of Maritime Electric in 2000. Energy purchase costs rose due to outages at the New Brunswick Power Point Lepreau Nuclear Generating Station, curtailments of energy available for sale by New Brunswick Power and the dramatic increase in oil prices. Maintenance costs associated with the outages at Point Lepreau also increased. These cost increases were partially offset by reductions in other areas and a 4.5 per cent increase in energy sales over 1999. Maritime Electric realized earnings applicable to common shares of $1.0 million compared to earnings of $5.3 million in 1999.

FortisUS Energy was transferred to Maritime Electric as a wholly-owned subsidiary in December 2000.

FortisUS Energy was transferred to Maritime Electric as a wholly-owned subsidiary, in December 2000, to provide financial and operating benefits for both companies.



In its first full year of operations as a Fortis company, Belize Electricity Limited ("Belize Electricity") contributed $5.5 million to earnings. Energy sales increased 15 per cent in 2000, reflecting growth in the economy of Belize and expansion of the

distribution system. The company has been able to reduce electricity rates and increase the level of service to customers while continuing to improve and expand the electricity system. In 1999, Belize Electricity committed to reducing average rates by 15 per cent by the end of 2004. On April 1, 2000, commercial rates were reduced by seven per cent.

Hurricane Keith caused tremendous destruction to the northern coastal regions of Belize in the fall. Belize Electricity, with full access to technical resources of the Fortis Group, responded rapidly to assist its customers. The well-organized response demonstrates the strength of the company and the commitment of employees. Operational teams from Newfoundland Power and Maritime Electric were deployed to Belize to assist in the restoration of electric service.

Canadian Niagara Power Company, Limited ("Canadian Niagara Power") contributed $6.2 million to earnings, a 29 per cent increase over earnings of $4.8 million in 1999. In November 2000, the company acquired a 10 per cent interest in two newly-formed regional electric distribution companies, Westario Power Holdings Inc. and Rideau St. Lawrence Holdings Inc.

For the third consecutive year, Fortis Properties Corporation ("Fortis Properties") has strengthened its financial performance achieving record highs for both net income and return on average common equity. The company contributed $4.1 million to earnings, a $2.4 million increase over earnings of $1.7 million in 1999. Strong performance from both the real estate and hospitality divisions contributed to these results. The rate of return on average common equity of 15.8 per cent exceeded the benchmark return for utilities.

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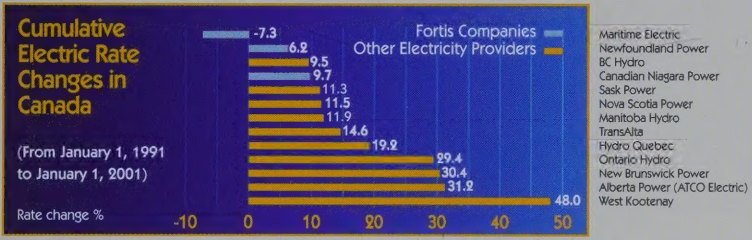
Fortis Properties continues to grow in Atlantic Canada. In May, the company completed a $4.5 million, 64-room expansion to the Holiday Inn St. John's, located in St. John's, Newfoundland. In August, the company began construction of a $15 million, 178-room hotel in downtown Halifax, Nova Scotia. In December, Fortis Properties acquired three major office properties in Atlantic Canada. This $76 million investment is consistent with the company's business strategy to profitably increase its real estate holdings in Atlantic Canada.

Fortis employees assisted with restoration efforts in Belize following Hurricane Keith.

Fortis Trust Corporation ("Fortis Trust") realized another successful year as it continued to focus on maximizing earnings as opposed to seeking growth opportunities. The company contributed $0.5 million to overall earnings.



In November 2000, we entered into an agreement with an international insurance, banking and investment company allowing that company to use the "Fortis" name in respect of insurance and financial services in Canada. This transaction contributed $1.2 million to earnings this year.

All Fortis companies are committed to conducting business in an environmentally responsible manner. Newfoundland Power received the 2000 Environmental Award from the Association of Professional Engineers and Geoscientists of Newfoundland for the design and construction of its Rose Blanche hydroelectric plant. Maritime Electric and Canadian Niagara Power have completed implementation of Environmental Management Systems consistent with the ISO 14001 standard. Fortis Properties received the Atlantic Canada Earth Award from the Building Owners and Managers Association for the Maritime Centre in Halifax, Nova Scotia. We are committed to ensuring that Fortis maintains its exemplary track record as an environmentally responsible company.

Looking ahead, we are well-positioned for continued profitable growth in the year 2001 and beyond.

Newfoundland Power and Fortis Properties realized strong earnings performance in 2000 and have solid bases from which to grow.

Maritime Electric increased electricity rates 4.53 per cent effective January 1, 2001. This adjustment will be reviewed early in 2001 under the terms of the Maritime Electric Company Limited Regulation Act. The increase is necessary to help restore earnings to an acceptable level. Lower energy purchase costs are also anticipated in 2001. Strategic advantages will be realized through the transfer of FortisUS Energy as a wholly-owned subsidiary of Maritime Electric. Additional acquisitions will be pursued in the United States.

Peter A. Thomson, President and CEO Caribbean Utilities (left); H. Stanley Marshall, President and CEO, Fortis Inc. (center); and veteran employee of Caribbean Utilities, Bert Jackson (right).

The Public Utilities Commission of Belize granted Belize Electricity a 15-year license in January 2001 to generate, transmit and supply electricity in Belize. The Commission also adopted a Cost of Power Rate Stabilization Account that mitigates the utility's exposure to volatile energy prices.

Through an innovative approach to increase its presence in Ontario, Canadian Niagara Power invested in newly-formed regional distribution companies.

Fortis continues to work very closely with the Government of Belize on issues pertaining to the regulatory regime under which Belize Electricity operates.

On January 26, 2001, Fortis acquired a 95 per cent interest in Belize Electric Company Limited (BECOL) which owns and operates the Mollejon hydroelectric facility, located on the Macal River. The facility is a 25 megawatt (MW) generating plant capable of delivering average annual energy of 80 gigawatt hours (GWh) and is the only commercial hydroelectric facility in Belize. BECOL sells its entire output to Belize Electricity under a 50-year power purchase agreement.


Fortis companies are committed to providing customers with safe, reliable service.

During the first quarter of 2001, Canadian Niagara Power again demonstrated its long term commitment to municipal distribution by signing a letter of intent with the City of Port Colborne to lease its electricity distribution business with an option to purchase. In a province where the changing regulatory landscape presents challenges to the growth of investor-owned utilities, Canadian Niagara Power has been uniquely successful by being proactive and innovative.

We have enjoyed a strong, long-standing relationship with Caribbean Utilities providing the company with technical advice, training and resources for over a decade. Our strategic alliance will assist Caribbean Utilities in keeping pace with the demands of high growth while enhancing reliability and quality of service to customers.

Fortis companies employ a dedicated team of 2,500 employees.

We were greatly saddened by the passing of Mr. Alastair Cameron in January 2001. Mr. Cameron was a member of the Board of Directors of Fortis when it was established in 1987. His long and distinguished career in the electric utility industry included tenures as General Manager of Maritime Electric, President and Chair of the Board of Maritime Electric and President of Newfoundland Power. A mentor and valued colleague to many over the years, we are extremely grateful for his outstanding contribution to Fortis and to the electricity industry.

We express our sincere appreciation to Mr. Gilbert Bennett and Mr. James Stanford, who retired from our Board of Directors in 2001, for their important contribution and wise counsel during their tenures on the Board. We wish to thank all the directors of our Board for their leadership and guidance throughout 2000.

At the core of our success are approximately 2,500 dedicated employees who demonstrate enthusiasm, loyalty and commitment to customer service on a daily basis. We extend our congratulations to our employees, many of whom are shareholders, for their contributions to the success and growth we achieved in 2000.

As we move through 2001 and beyond, we will continue to pursue growth opportunities that add long term value to shareholders. We will maintain our discipline and focus on the bottom line; we will not grow just for the sake of growth.

On behalf of the Board of Directors,

Angus A. Bruneau
Chair of the Board
Fortis Inc.

H. Stanley Marshall
President and
Chief Executive Officer
Fortis Inc.

H. Stanley Marshall, President and Chief Executive Officer (left), and Karl W. Smith, Vice President, Finance and Chief Financial Officer, Fortis Inc. (right).

Vision

Fortis Inc. was established as the parent company of Newfoundland Power in 1987 to pursue profitable growth through diversification. In thirteen years, Fortis has grown from one utility with assets of $390 million to a diversified international utility holding company with assets exceeding $1.5 billion.

Since the inception of Fortis, earnings applicable to common shares have more than doubled increasing to $36.8 million in 2000 from $17.7 million in 1987. We have maintained a strong balance sheet, a low risk profile and a record of consistent dividend increases for our shareholders.

Our vision is to be the world leader in the operation of electric distribution utilities and the leading service provider within our service areas. Profitable growth will continue to drive our strategic direction. We will strengthen our existing operations while selectively pursuing new growth opportunities in both our utility and non-utility businesses.

In all our operations, Fortis will continue to maximize value to our shareholders and to our customers.

Fortis will continue to be both proactive and innovative in responding to the challenges and opportunities presented by a changing electricity industry. We will continue to identify and evaluate opportunities that exist within specific geographic regions. We will pursue the acquisition of electric

The corporate headquarters of Fortis Inc. is located in the Fortis Building in historic St. John's, Newfoundland.

utility assets in the eastern United States, adopting a strategy that focuses more specifically on small hydroelectric generating assets. Outside North America, we will continue to explore opportunities to grow our operations in the Caribbean region. We will apply higher return criteria to assets of this nature to offset the increase in the risk profile.

A commitment to safety is a corporate priority in all operations.

Fortis will maintain up to approximately 20 per cent of its assets in non-utility businesses to provide the financial flexibility needed as a result of the regulatory and public policy constraints generally associated with electric utilities. Non-utility business operations of Fortis will apply a disciplined approach to investments in order to support our utility acquisition and growth strategy. Fortis Properties will continue to pursue potential acquisitions in real estate and hotels in eastern Canada. Fortis Trust will continue to maximize earnings in a low growth environment.

To achieve our vision, Fortis will concentrate on three primary objectives:

Return - *Earnings should continue at a rate commensurate with those of well-run Canadian utilities.*

Risk - *The financial and business risks should not be substantially greater than those associated with the operation of a Canadian utility.*

Growth - *The growth in assets and market capitalization should be greater than the average of other Canadian public corporations of similar size.*

Fortis will continue to be both proactive and innovative in responding to the challenges and opportunities presented by a changing electricity industry.

The hard work, commitment and expertise of our employees comprise the cornerstone that has fortified our strength as a company. Integrity, accountability, autonomy and competency are the core values that drive employee performance and corporate success. Our highly competent and motivated workforce is, and will always be, our most valuable resource.

Philip G. Hughes, President and Chief Executive Officer (left), and Barry V. Perry, Vice President, Finance and Chief Financial Officer, Newfoundland Power Inc. (right).

Operations

Newfoundland Power

Newfoundland Power operates an integrated system of generation, transmission and distribution of electricity throughout the island portion of the province of Newfoundland and Labrador. The company serves approximately 215,000 customers, constituting 85 per cent of all electricity consumers in the province, and meets a peak demand of 1,041 MW.

Newfoundland Power generates approximately nine per cent of its energy needs from 23 hydroelectric, five diesel and three gas turbine plants. These units have a total installed capacity of approximately 150 MW. The balance of energy required by the company is purchased from Newfoundland and Labrador Hydro.

Newfoundland Power achieved a customer satisfaction rating of 89 per cent in 2000, its highest annual rating ever. The commitment of employees to provide customers with superior service has resulted in a 27 per cent improvement in the company's customer service rating since 1996.

Throughout the year, Newfoundland Power made enhancements to work practices and communication systems to improve customer outage information, response times and associated costs. A single-point-of-contact procedure was implemented to enhance communications with customers requiring information on the status of their service requests. The company's technologically advanced call centre achieved a service level target of answering 80 per cent of customer calls within 40 seconds. More than 25 per cent of customers who contacted the call center in 2000 used the convenient automated account balance service.

Newfoundland Power continued to focus on technology as a resource to implement productivity improvements and enhance the quality of service provided to customers. An automated meter reading pilot project was launched to assess the benefits of using wireless radio frequency technology to collect meter readings at locations that are difficult to read. New electronic meters were installed at a number of hydroelectric plants to eliminate manual readings resulting in cost-efficiencies. The company further improved system reliability by increasing automation and control of the electricity system through the expansion of System Control and Data Acquisition capabilities. The installation of 56 Remote Terminal Units at the company's substations will automatically determine distribution line failure locations and dramatically reduce service restoration times.

Listening to customers is an integral component of daily operations.

A Back to Basics safety action plan was developed to refocus employees, especially those in high-risk positions, on the fundamentals of safety in the workplace. There was also a strong focus on work methods,

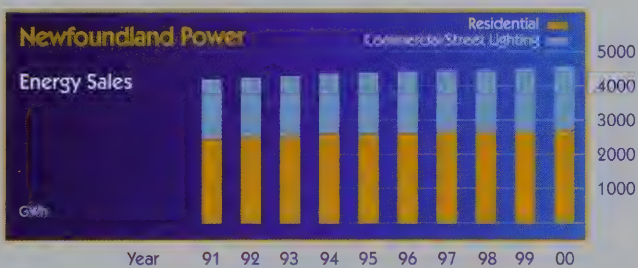
Newfoundland Power invested in upgrades to hydroelectric plants such as replacement of the Horsechops penstock.

job planning and risk management during the year to ensure the safety of employees. Recommendations ensuing from a comprehensive ergonomic study undertaken this year will be used to implement short and long term strategies to manage ergonomic issues. In 1999, nearly 50 per cent of all employee injuries were ergonomic in nature.

The company is committed to ensuring the safety of the public through preventative maintenance programs, electrical safety training and public awareness campaigns. More than 13,000 students throughout Newfoundland received electrical safety training this year and qualified employee trainers provided firefighter electrical safety training to more than 225 volunteer firefighters.

Newfoundland Power remains committed to ensuring the skills of employees are aligned with the objectives of the business by supporting opportunities that help employees reach their full potential. Throughout the past year, a number of employees participated in work placements and reassignments within the Fortis Group of Companies. The company provided technical expertise and disaster recovery advice associated with Hurricane Keith to Belize Electricity and provided thermal scanning expertise to Canadian Niagara Power. The number of employees participating in the company's Mentoring Program has grown to 159 participants from 79 participants in early 1999.

Newfoundland Power received independent recognition of its environmental efforts throughout 2000. The Association of Professional Engineers and Geoscientists of Newfoundland awarded the company the 2000 Environmental Award for its environmental commitment in the design and construction of the Rose Blanche 6 MW hydroelectric plant located on the southwest coast of the province. The company also received the St. John's Clean and Beautiful Mayor's Award.



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The company has achieved consistency with the ISO 14001 standard for its generation functions and, in 2000, initiated the development of an Environment Management System (EMS) for its transmission, distribution and associated functions. A goal has been established to have all operations consistent with the ISO 14001 standard by the end of 2001.

Newfoundland Power continued to build on its partnerships with key environmental groups during the year.

The company supported the Atlantic Salmon Federation's Fish Friends public education program, completed tree-planting campaigns with Tree Canada Foundation and joined with other Canadian utilities and energy companies to support Action by Canadians, a public awareness campaign aimed at reducing greenhouse gas emissions.

Approximately 100 community groups and over 5,000 people participated in EnviroFest 2000, a celebration of the environment organized by employee volunteers.

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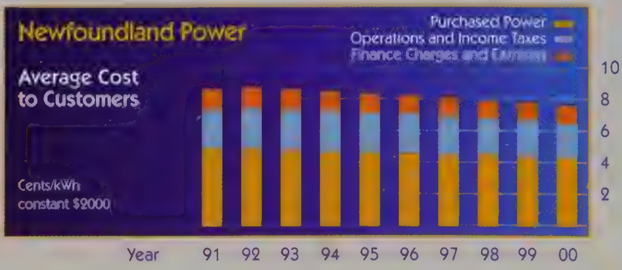
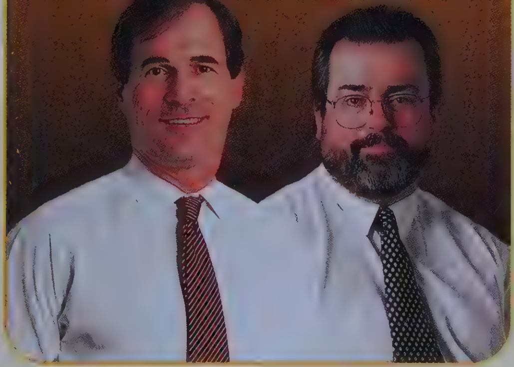




James A. Lea, President and Chief Executive Officer (left), and J. William Geldert, Vice President, Finance and Chief Financial Officer, Maritime Electric Company, Limited (right).

Operations

Maritime Electric

Maritime Electric is the principal electric utility on Prince Edward Island serving approximately 66,000 customers or 95 per cent of the electricity consumers of the province. The company supplies wholesale energy to the City of Summerside, operator of the only municipal utility on the Island.

Maritime Electric owns and operates a fully integrated system providing for the generation, transmission and distribution of electricity on Prince Edward Island. The system is connected to the mainland power grid via two submarine cables under the Northumberland Strait. Most of the energy supplied to customers is purchased from New Brunswick Power through several energy purchase agreements. Maritime Electric maintains 100 MW of generating capacity on the Island.

The company received a customer satisfaction rating of 83 per cent in 2000, representing the fourth consecutive year that customer satisfaction was above 80 per cent. Several programs were introduced this year to further enhance the quality of customer service. A Customer Home Visitation Program was launched that enables customers to meet with Maritime Electric representatives, at times convenient for customers and in the comfort of their own homes, to discuss various payment options and customer service programs offered by the company. A Customer Service Program was implemented to reward employees who demonstrate exemplary performance in delivering quality service to customers.

Continued improvement of the energy delivery system of Maritime Electric remained a priority in 2000. More than 200 kilometers of electricity lines were rebuilt and new facilities were constructed to meet customer demand.

Maritime Electric serves 66,000 customers on Prince Edward Island.

A Customer Home Visitation Program ensures quality service to customers.

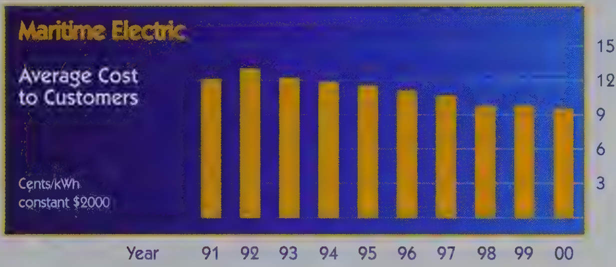
Automated digital mapping equipment initiatives designed to improve productivity and safety, and to assist in outage restoration activities, continued in 2000. A major component of the energy delivery system of the company is the interconnection with the mainland power grid. To enhance reliability of energy supply to Prince Edward Island, the company worked closely with the Canadian Hydrographic Service to make revisions to navigational charts for the Northumberland Strait to better identify the location of submarine cables.

For the seventh consecutive year, system reliability at Maritime Electric bettered the benchmark of 5.5 hours of interrupted service as established by the Maritime Electric Company Limited Regulation Act. The average customer of the company experienced approximately 2.4 hours of interrupted service this year.

Employee and public safety remained a corporate priority in 2000. Improvements were made in workplace inspection practices, investigations and communication of results. Safety orientation for new employees and safety refresher training for existing employees were also integral components of safety awareness initiatives of the company. Initiatives associated with the Joint Occupational Health and Safety Committee progressed in 2000 including the development of an enhanced corporate safety manual. Maritime Electric continued its program of providing electrical safety training to Grade 5 children throughout Prince Edward Island. The company was awarded the St. John Ambulance Priory Award in recognition of its commitment to safety training.

Maritime Electric is participating in discussions with utilities based in other Maritime provinces and the state of Maine with respect to the potential formation of a Regional Transmission Organization (RTO). The purpose of the RTO would be to develop and operate a fair and

equitable process to transmit electricity at reasonable rates within its service territory. The RTO would provide the company with more options to acquire electricity for resale.



The Government of Prince Edward Island awarded the company the 2000 Environmental Award (Business Category) in recognition of its environmental stewardship efforts. Implementation of an EMS was completed providing the company with an integrated system to identify and effectively manage activities with respect to the environment. By the end of 2002, the EMS of Maritime Electric will be expanded to include the transmission and distribution functions of the company.

More than 200 kilometres of electricity lines were rebuilt in 2000 to improve reliability of service.

The company identified training and development initiatives to enhance the operational skills and business knowledge of employees. The Line Exchange Program continued throughout 2000 with several line personnel from Newfoundland Power traveling to Prince Edward Island to share work methods and techniques with their counterparts at Maritime Electric. Building on the success of this program, senior members of the technical staff of the company visited with Newfoundland Power crews to share work practice methods and experiences. Maritime Electric employees participated in the restoration efforts in Belize in the aftermath of Hurricane Keith. The technical assistance and resources provided by the company played an integral role in restoring electricity service to customers of Belize Electricity.

The Government of Prince Edward Island awarded Maritime Electric the 2000 Environmental Award (Business Category) in recognition of its environmental stewardship efforts.

Lynn R. Young, President and Chief Executive Officer (left) and Rene J. Blanco, Vice President, Finance and Chief Financial Officer, Belize Electricity Limited (right).

Operations

Belize Electricity

Belize Electricity is the primary commercial generator, transmitter and distributor of electricity in Belize, Central America. Serving more than 53,000 customers, the company meets the country's peak demand of 44 MW from multiple sources of energy supply which include power purchases from the Mollejon hydroelectric facility in western Belize, from Comision Federal de Electricidad, the Mexican state-owned power company and from its own diesel-fired generation. All major load centers are connected to the country's national electricity system which, in turn, is connected to the Mexican electric grid allowing Belize Electricity to optimize its power supply options.

Belize Electricity introduced a quarterly Customer Satisfaction Survey in 2000. Customers consistently gave the company a rating of 85 per cent throughout the year. A number of initiatives were implemented to enhance the quality of service provided to customers. A program of monthly customer visits was initiated by management and, based on feedback received, customer service improvements were made. Belize Electricity continued to implement convenient payment options for customers, particularly in remote service areas.

During the year, the company continued with the implementation of the Power III Project, a distribution expansion project that will improve reliability of service and expand the service area. By year-end, more than 100 miles of distribution lines had been completed serving approximately 800 new customers. The expansion program along with strategic efforts to connect self-generating businesses has resulted in a 15 per cent growth in energy sales.

A distribution expansion project has contributed to a 15 per cent growth in energy sales.

Belize Electricity promotes safety awareness through various training and community initiatives.

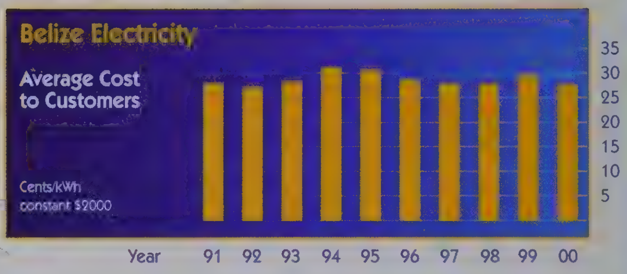
Operations at Belize Electricity were significantly improved by the implementation of a Supervisory Control and Data Acquisition System. The system provides customers with enhanced reliability through improved electricity system control and expanded automation. A newly implemented call centre and automated call-handling service helps to ensure prompt and efficient customer response. Throughout the year, the average waiting time for customers was reduced to 12 seconds and less than one per cent of customer calls were abandoned.

On September 30, 2000, Belize was hit by Hurricane Keith which had the greatest impact on the resort islands of Ambergris Caye and Caye Caulker situated off the northeast coast of the country. Despite the damage to the electricity system, estimated in excess of US$4.4 million, restoration efforts progressed very well. In Belize City, for example, power was restored to approximately 95 per cent of the city within five days. Operational crews from Newfoundland Power and Maritime Electric were deployed to Belize to assist Belize Electricity with its restoration efforts.

Belize Electricity has implemented a safety program designed to reduce the risk of injury to employees and the public. The program includes procurement of proper safety equipment with training in the proper use of equipment and the practice of safe work methods.

The company invests considerable time promoting public safety and sponsoring safety awareness campaigns for the general public.

Belize Electricity is committed to conducting business in an environmentally responsible manner. In 2000, the company signed a Memorandum of Intent to purchase excess capacity from Belize Sugar Industries which is proposing to construct a bagasse-fueled electricity generation facility. This partnership complements existing hydroelectric operations as an environmentally friendly resource for energy supply and is in keeping with plans to identify energy sources that meet the long term needs of Belize.



Management and union employees represented by the Belize Energy Workers Union successfully negotiated a new collective agreement in November.

Belize Electricity made considerable progress towards compliance with internationally acceptable environment standards defined by ISO 14001. Environmental clean-up was completed in the company's generating plants throughout the country. Several diesel plants, including the one in the popular tourist destination of San Pedro, were decommissioned.

Newfoundland Power and Maritime Electric employees assisted Belize Electricity following Hurricane Keith.

Belize Electricity is committed to supporting employee development initiatives which strengthen the business and management skills of employees and, thereby, enhance the quality of service provided to customers. Training courses in metering, diesel mechanics and electrical design were delivered to further enhance the skills of employees. The company supported 23 employees pursuing educational programs at the University of Belize.

The agreement further strengthens a labour relations environment that will enable Belize Electricity to improve safety, operating efficiency and service to customers.

Belize Electricity made considerable progress towards compliance with internationally acceptable environment standards defined by ISO 14001.

Mardon J. Erbland, President and Chief Executive Officer (left), and Timothy B. Curtis, Vice President, Finance and Chief Financial Officer, Canadian Niagara Power Company, Limited (right).

Operations

Canadian Niagara Power

Canadian Niagara Power is one of only four investor-owned electric utilities operating in Ontario, a province dominated by Ontario Hydro successor companies. The company operates the Rankine Generating Station in Niagara Falls, Ontario and transmits and distributes electricity to 15,000 customers in the Town of Fort Erie. Canadian Niagara Power owns international transmission facilities and engages in retail energy marketing activities in Ontario and wholesale energy marketing activities in the United States. Fortis owns a 50 per cent interest in Canadian Niagara Power with the remaining interest owned by Niagara Mohawk Holdings Inc., a major U.S. utility holding company.

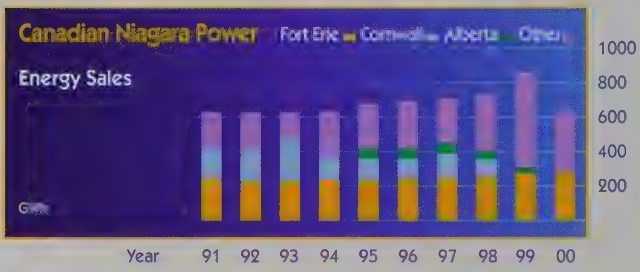
Canadian Niagara Power acquired a 10 per cent interest in each of two newly-formed regional electric distribution companies in Ontario in November 2000. Westario Power Holdings Inc. and Rideau St. Lawrence Holdings Inc. are mergers of 12 separate municipal electric utilities. Westario Power Holdings Inc. serves 20,000 customers in the counties of Bruce, Grey and Huron. Rideau St. Lawrence Holdings Inc. serves 6,000 customers in the counties of Leeds-Grenville and Stormont-Dundas. The investments in these companies are consistent with the strategy to grow the assets of Canadian Niagara Power in Ontario.

The company acquired Ziegler Energy Demands Ltd., a natural gas consulting business, in October 2000. The acquisition provides Canadian Niagara Power with retail gas marketing expertise and a strong customer base in the Niagara region of Ontario. The company is pursuing the acquisition of Ontario-based hydroelectric generating stations as a means of growing its available generating capacity.

Capital investment programs contribute to system and reliability improvements.

Canadian Niagara Power is one of only four investor-owned utilities operating in Ontario.

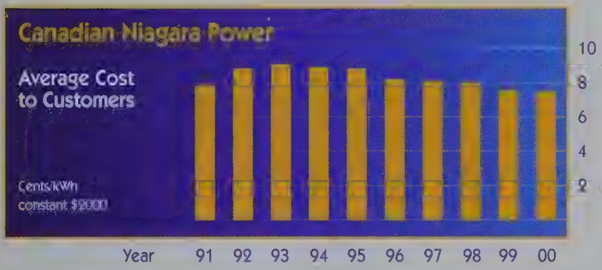
Canadian Niagara Power is seeking to expand its distribution business in Ontario by acquiring municipal electric utilities. For an outright sale, a 33 per cent transfer tax that applies against all sale proceeds must be paid by the selling municipality. Prior to November 7, 2000, sales



to the successor Ontario Hydro companies and other municipal electric utilities in Ontario were exempt from this tax as were minority equity investments of 10 per cent or less for all investors. The company's investments in Westario Power Holdings Inc. and Rideau St. Lawrence Holdings Inc. are covered by this exemption. Canadian Niagara Power has also made offers to lease utility assets as a way of maximizing value to the selling municipality, given the transfer tax. In the two years prior to November 7, 2000, there were over 80 sales to Hydro One Inc., an Ontario Hydro successor company. As a result of those sales and various municipal electric utility mergers, there are now less than 100 municipal electric utilities in Ontario.

A significant capital investment in system improvements in 2000 contributed to increased quality and reliability of the transmission and distribution services of the company. In addition to the reconstruction of two major electricity stations, this year marked the launch of the Voltage Conversion Program which will lead to a near doubling of voltage levels for the majority of the distribution system. This initiative will be a high priority over the next several years and will contribute to improved service quality and reduced system losses. The company conducted a detailed analysis of service interruption data in 2000 that resulted in the implementation of initiatives to minimize the frequency and duration of system interruptions.

Canadian Niagara Power implemented a Universal Representative approach, in 2000, for customer enquiries and service requests. This realigned approach to customer



The company successfully negotiated a three-year collective agreement with its unionized employees in 2000. The contract included the creation of a Cross-Training and Reassignment Program, a joint management and union effort designed to support employee development and flexibility.

service contributed to achieving a service level of answering 88 per cent of customer calls within 30 seconds, while significantly reducing customer service representative overtime. The overall customer satisfaction rating of the company increased to 89 per cent this year.

Canadian Niagara Power was recognized for its strong safety performance with several industry awards. The company received the Electrical and Utilities Safety Association Low Frequency Award and two Electrical and Utilities Safety Association Certificate of Merit awards for achieving a full year of operations without any employee lost time due to injuries. Canadian Niagara Power has now operated in excess of two years without a lost time injury.

Canadian Niagara Power has been recognized for its strong safety performance with several industry awards.

The company expanded its EMS to include its transmission and distribution business units in 2000. This expansion complements the implementation of an EMS for corporate and generation business functions in 1999.

A significant capital investment in system improvements in 2000 contributed to increased quality and reliability of the transmission and distribution services of Canadian Niagara Power.

FortisUS Energy was established in 1999 as a wholly-owned subsidiary of Fortis to pursue acquisition of utility assets in the United States. The company became a wholly-owned subsidiary of Maritime Electric on December 1, 2000, a strategic move designed to realize synergies between the two companies.

FortisUS Energy expanded its operations in the United States in December 2000, when the company completed the purchase of two hydroelectric generating stations in upper New York State. The combined capacity of both stations is approximately 7 MW.

Operations

FortisUS Energy

This investment increases the number of hydroelectric generating stations owned by FortisUS Energy to four with a total combined capacity of approximately 23 MW. The average annual energy output of the four plants is 85 GWh which is sold under a series of renewable contracts.

Moose River has a generating capacity of 12.5 MW.

Total production for FortisUS Energy was 67 GWh in 2000. With the relatively wet summer experienced in New York State this year, the Moose River and Philadelphia hydroelectric generating stations recorded their fourth best and third best years of production, respectively, since they were commissioned in the mid-1980s.

FortisUS Energy operates four hydroelectric generating stations.

FortisUS Energy is committed to conducting operations in an environmentally responsible manner. The company also works closely with the American Whitewater Association providing the group with 20 recreational kayaking days per year. The amount of water bypassed is regulated to maximize the water required for kayaking while maintaining a high level of production.

Caribbean Utilities

Caribbean Utilities generates, transmits and distributes electricity to more than 19,000 customers on Grand Cayman, Cayman Islands. The company is considered one of the most reliable and efficient electric utilities in the Caribbean.

The electricity system of Caribbean Utilities is comprised of 18 generating units and five major transformer substations. The company has an installed capacity of 115 MW and a peak load of approximately 70 MW. Caribbean Utilities operates under a 25-year exclusive license renewable in 2011 with the Government of the Cayman Islands. The company is entitled to earn a 15 per cent rate of return on rate base under the terms of the license.

Fortis acquired a 20 per cent interest in Caribbean Utilities in March 2000. The investment is a strong strategic fit with the operations of the Fortis utility companies. Fortis has a strong, successful relationship with management of Caribbean Utilities spanning more than a decade. By providing strategic input and advice in such areas as training, technology, operations and customer service, Fortis will provide additional value to Caribbean Utilities and its shareholders. This investment positions Fortis to further grow and strengthen its presence in the Caribbean region.

The Class A Ordinary Shares and the 8% Cumulative Fixed-Term Class C, Series 2 Preference Shares of Caribbean Utilities are listed in U.S. funds on The Toronto Stock Exchange under the symbols CUP.U and CUP.PR.U, respectively.

Caribbean Utilities is one of the most reliable and efficient power companies in the Caribbean.

John C. Walker, President and Chief Executive Officer (left) and Neal J. Jackman, Vice President, Finance and Chief Financial Officer, Fortis Properties Corporation (right).

Operations

Fortis Properties

Fortis Properties is a wholly-owned subsidiary of Fortis with investments in commercial real estate and hotels. The company is the primary vehicle for diversification and growth outside the electric utility business of the Corporation. With assets in excess of $214 million at year-end, including a real estate portfolio of 2.3 million square feet and approximately 1,100 hotel rooms, Fortis Properties is one of the largest hospitality and real estate companies in Atlantic Canada. The company owns several landmark properties throughout Atlantic Canada including the Fort William Building in St. John's, Newfoundland, the Maritime Centre in Halifax, Nova Scotia, the Blue Cross Centre in Moncton, New Brunswick and Brunswick Square in Saint John, New Brunswick. Major hotel properties include Delta Brunswick in Saint John, New Brunswick, Delta Sydney, Nova Scotia and Holiday Inn St. John's in Newfoundland.

Fortis Properties achieved success in 2000 by focusing on enhancing returns from ongoing operations, leveraging existing assets and seeking new acquisitions in the region. The company capitalized on the improving demand and rates for real estate and hotels during 2000, establishing new highs for revenue growth and profitability. All operations contributed to improved performance this year.

Net income increased to record levels and growth was achieved from expansion of existing assets, development of portfolio land and a major acquisition.

Meeting the needs and expectations of customers is a top priority.

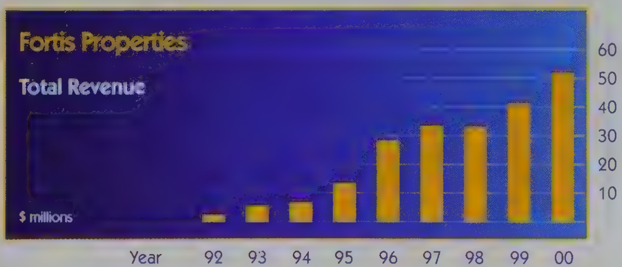
The Maritime Centre is a prominent Class A property in downtown Halifax, Nova Scotia.

In May, Fortis Properties successfully completed a $4.5 million expansion of the Holiday Inn St. John's, increasing its capacity by one-third to 250 rooms and increasing its meeting space. The expansion enabled the hotel to consolidate its leadership position in the mid-market segment while positioning the property to capitalize on the anticipated continued growth in the St. John's economy.

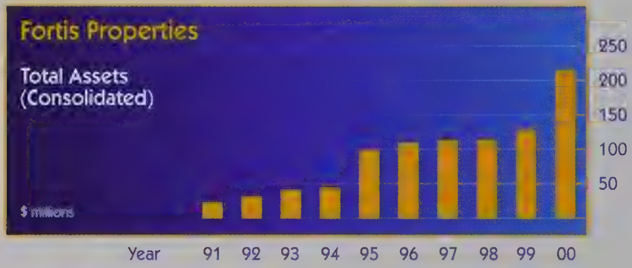
In August, the company started construction in Halifax on its first ground-up development of a hotel. This downtown hotel is being developed on parking lot land immediately adjacent to the Maritime Centre. At a cost of $15 million, this 178-room, full-service hotel will open in the fall of 2001 under the Four Points by Sheraton brand.

In December, Fortis Properties acquired three major properties in Atlantic Canada comprised of one million square feet of commercial real estate. The $76 million investment involved the acquisition of the Fort William Building in St. John's, Newfoundland, the Blue Cross Centre in Moncton, New Brunswick and the remaining 50 per cent equity interest in Brunswick Square Limited in Saint John, New Brunswick. These properties are fully leased to quality tenants under long term agreements. This investment will have an immediate, positive contribution to earnings in 2001 while strengthening the position of the company as a major regional player in both the real estate and hospitality industries in Atlantic Canada.

Notwithstanding the favourable economic factors in the region, the long term success of Fortis Properties will be determined by its ability to meet the needs and expectations of its customers. In the Real Estate Division, the success of the company's customer service strategy is evidenced by the high retention rate of existing real estate tenants and improving rental rates. In the Hospitality Division, all branded hotels improved rankings within their respective brands during the year and all properties maintained market leadership positions throughout the year. The Holiday Inn St. John's was again recognized for superior service within its brand, winning a Quality Excellence Award.



The Fort William Building is a prominent landmark building in St.John's, Newfoundland.



Revenue per available room increased for the fifth consecutive year in 2000 driven by growth in both occupancy and rates.

Progress was made in the area of information technology by focusing on customer service delivery, cost control and productivity initiatives. A greater emphasis has been placed on the web-based infrastructure with migration to a Virtual Private Network, increasing flexibility and adaptability to changing needs.

Fortis Properties and Starwood Hotels and Resorts announced Four Points by Sheraton Halifax, scheduled to open in the fall of 2001.

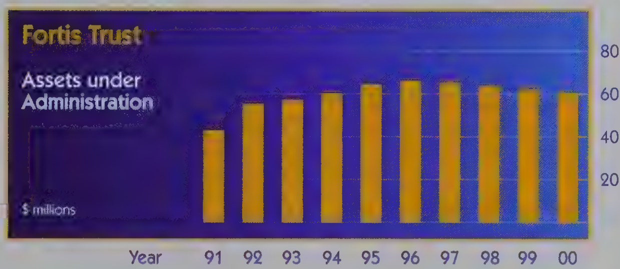
Fortis Properties employs a team of 700 employees throughout Atlantic Canada. A corporate Human Resource function was formalized and staffed this year to address the increasing demands in this important area.

Glen C. King, Vice President, Finance and Chief Financial Officer, Fortis Trust Corporation.

Fortis Trust is a niche player in the residential mortgage and retail deposit markets, providing personalized service to customers.

Operations

Fortis Trust



Fortis Trust is a niche player in the residential mortgage and retail deposit markets, providing personalized service to customers. The company's retail deposits include savings accounts, Guaranteed Investment Certificates, Registered Retirement Savings Plans, Registered Retirement Income Funds and Registered Education Savings Plans.

Fortis Trust conducts business in Newfoundland at branch offices in St. John's and Corner Brook, and serves Prince Edward Island through an affiliation with Maritime Electric.

The company is a member of the Canada Deposit Insurance Corporation as well as a lender approved by Canada Mortgage and Housing Corporation for participation in insured lending programs under the National Housing Act.

In recent years, Fortis Trust has pursued a low growth, earnings maximization strategy.

Fortis Trust delivers personalized service to clients in Newfoundland and Prince Edward Island.

Maritime Electric supported pentathlete Kara Grant in Prince Edward Island.

Our Community

We believe in the power of strong community relations and strategic community partnerships.

Employee participation in community projects increased tremendously this year as we forged many new partnerships and strengthened existing alliances.

We are proud of the enthusiasm and commitment that Fortis employees bring to public service, embracing a diversity of causes and needs that help strengthen our communities. Every community initiative is noteworthy and, while too numerous to mention them all here, these pages highlight some of the meaningful events and causes Fortis employees launched and rallied around in 2000.

At the corporate level, we cheered on our favorite sports group, the Fortis Hockey Team. Newfoundland Power was a major sponsor of the Vikings! 1000 Years celebration commemorating the landing of the Vikings in North America. Maritime Electric continued to focus its efforts on health care and youth programs. Belize Electricity helped finance the construction of a national library. Canadian Niagara Power co-sponsored the

Canadian Niagara Power assisted with the development of a community playground.

Fortis supported a girls' hockey team in Newfoundland.

Belize Electricity volunteered aid to communities affected by Hurricane Keith.

construction of a new community playground with the Town of Fort Erie. Caribbean Utilities co-hosted an annual summer vocational training program for high school students. Fortis Properties was the major sponsor of the Fortis Golf Classic held in Sydney, Nova Scotia in support of Kidsport Nova Scotia and College of Cape Breton Athletic Fund.

Our employees coached sports teams and served on community boards. We taught children about the importance of safety and the environment. We helped build homes for families, restored washed-out beaches, raised funds for charities and worthwhile causes.

We're proud of the contribution Fortis employees make to the communities we serve.

Newfoundland Power supported environmental initiatives.

Karl W. Smith, Vice President, Finance
and Chief Financial Officer, Fortis Inc.

Management Discussion & Analysis

The following material should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements included in the 2000 Annual Report. The Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles.

Fortis Inc. includes forward-looking statements in this report. By their very nature, forward-looking statements are based on underlying assumptions and are subject to certain risks and uncertainties that may cause actual results to vary from plans, objectives and estimates. Such risks and uncertainties include, but are not limited to: general economic, market and business conditions, regulatory developments, weather and competition. Fortis Inc. cautions readers that should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected.

The Fortis Group of Companies is comprised of Newfoundland Power Inc. ("Newfoundland Power"), Maritime Electric Company, Limited ("Maritime Electric"), FortisUS Energy Corporation ("FortisUS Energy"), Belize Electricity Limited ("Belize Electricity"), Canadian Niagara Power Company, Limited ("Canadian Niagara Power"), Fortis Properties Corporation ("Fortis Properties") and Fortis Trust Corporation ("Fortis Trust"). Each company operates as an autonomous unit, assumes profit and loss responsibility and is accountable for its own resource allocation. Fortis Inc. ("the Corporation") holds a 20 per cent interest in Caribbean Utilities Company, Ltd. ("Caribbean Utilities") and accounts for this investment on the cost basis of accounting including in its results only dividend income.

Overview

Earnings Growth: Fortis achieved record results in 2000 as earnings grew 26 per cent to $36.8 million from $29.2 million in 1999. Earnings per common share grew to $2.72 from $2.24 in 1999.

Dividends: Dividends paid increased to $1.84 per common share in 2000 from $1.81 in 1999. Dividends per common share have increased annually since the inception of Fortis in 1987. The Corporation's dividend payout ratio declined to 67.6 per cent in 2000, a significant improvement compared to 80.8 per cent in 1999 and to 84.9 per cent in 1998.

Return on Average Common Shareholders' Equity: Return on average common shareholders' equity increased in 2000 to 9.7 per cent from 8.6 per cent in 1999.

Asset Growth: Consistent with its growth strategy, total assets of Fortis grew 19.4 per cent to $1.48 billion at year-end 2000 compared to $1.24 billion at year-end 1999.

Revenue Growth: Revenue growth continued to be strong in 2000, increasing 15.7 per cent to $584.6 million from $505.2 million in 1999.

Cash from Operations: Cash from operations was $100.5 million in 2000 compared to $84.7 million in 1999.

Investment: In support of its long term growth strategy, Fortis invested $243.9 million in acquisitions and capital expenditures in 2000.

Financing: Fortis refinanced short term debt with an issue of senior unsecured debentures and further strengthened its balance sheet by issuing common shares this year. The Corporation completed public offerings of 1.5 million common shares for gross proceeds of $51.8 million and a $100 million placement of ten-year, 7.40 per cent senior unsecured debentures. The debenture issue was the first public debt offering for Fortis and positions the Corporation to finance continued growth.

Financial Highlights

Financial Highlights	2000	1999	Growth (%)
Earnings Applicable to Common Shares ($ millions)	**36.8**	29.2	**26.0**
Earnings per Common Share ($)	**2.72**	2.24	**21.4**
Dividends per Common Share ($)	**1.84**	1.81	**1.7**
Return on Average Common Shareholders' Equity (%)	**9.7**	8.6	**12.8**
Total Assets ($ millions)	**1,479**	1,239	**19.4**
Revenue ($ millions)	**584.6**	505.2	**15.7**
Cash from Operations ($ millions)	**100.5**	84.7	**18.7**

Consolidated Financial Results

Earnings: Earnings applicable to common shares were $36.8 million, an increase of $7.6 million over earnings of $29.2 million in 1999. All operating companies reported increased earnings except Maritime Electric which was negatively impacted by higher energy costs. A full year of earnings from Belize Electricity and FortisUS Energy, plus ten months of dividend income from Caribbean Utilities, positively impacted earnings. On a before tax basis, earnings declined $2.2 million to $55.3 million as a result of the decline in earnings at Maritime Electric. Earnings from foreign jurisdictions are subject to lower tax rates than earnings generated in Canada, reducing the effective tax rate of the Corporation by 5.6 per cent. As a result, the increase in after-tax earnings from foreign jurisdictions exceeds the decrease in after-tax earnings of Maritime Electric.

Several items are considered to be non-recurring in nature. Disposal of excess land by Canadian Niagara Power and the sale of certain trademark rights by the Corporation contributed $2.2 million to earnings. Earnings increased $2.6 million as a result of accounting for future income tax rate reductions outlined in the Economic Statement and Budget Update by the Government of Canada in October 2000. The federal tax rate reductions serve to reduce the Corporation's future income tax liability. According to guidance from the Canadian Institute of Chartered Accountants, this reduction has to be included in earnings in the current year as the rate reductions are considered to be substantively enacted. Increased earnings were partially offset by higher financing costs associated with recent acquisitions.

Earnings before non-recurring items increased 9.6 per cent to $32.0 million, or $2.37 per share, compared with $29.2 million, or $2.24 per share, in 1999.

Energy Sales: Energy sales were 6,445 gigawatt hours (GWh) in 2000 compared to 6,310 GWh in 1999. The growth in energy sales was attributable to inclusion of a full year of energy sales by Belize Electricity and FortisUS Energy as well as increased energy sales at Newfoundland Power and Maritime Electric offset by reduced energy sales at Canadian Niagara Power.

Revenue: Annual revenue increased 15.7 per cent to $584.6 million in 2000. The growth in revenue was mainly due to higher energy sales and increased electricity rates at Newfoundland Power and Maritime Electric, and a full year of revenue contribution from Belize Electricity compared to two months in 1999.

Segmented Results of Operations

The operational results of the Corporation are outlined below, segmented by company.

Revenue and Earnings Highlights

($ millions)	Revenue 2000	Revenue 1999	Earnings 2000	Earnings 1999
Newfoundland Power	**348.4**	342.0	**26.5**	22.9
Maritime Electric	**91.4**	86.7	**(0.8)**	5.3
FortisUS Energy	**3.1**	--	**0.6**	--
Belize Electricity	**63.6**	9.3	**5.5**	0.6
Canadian Niagara Power	**18.4**	21.6	**5.1**	4.8
Caribbean Utilities	**3.1**	--	**3.1**	--
Fortis Properties	**52.0**	41.3	**2.9**	1.7
Fortis Trust	**4.4**	4.4	**0.5**	0.5
Corporate	**0.2**	(0.1)	**(11.4)**	(6.6)
Earnings before non-recurring items			**32.0**	29.2
Future income tax adjustment			**2.6**	--
Gain on certain trademark rights			**1.2**	--
Gain on sale of surplus land			**1.0**	--
Total	**584.6**	505.2	**36.8**	29.2

Newfoundland Power

Earnings: Earnings applicable to common shares for 2000 were $26.5 million, an increase of $3.6 million over earnings of $22.9 million in 1999. Higher revenue, lower operating expenses and the favourable resolution of an income tax reassessment contributed to the increase in earnings.

Energy Sales: Energy sales were 4,555 GWh in 2000, a 1.2 per cent increase over 1999 energy sales of 4,500 GWh. Residential energy sales increased 1.3 per cent, or 35 GWh, due mainly to growth in the number of customers. Commercial energy sales increased 1.1 per cent, or 20 GWh, over 1999 levels due mainly to growth in the fishing and oil industries.

Revenue: Revenue for 2000 was $348.4 million, an increase of 1.9 per cent over 1999 revenue. This increase was a result of higher energy sales and a 0.7 per cent increase in electricity rates effective January 1, 2000.

Expenses: Newfoundland Power purchases approximately 91 per cent of its energy requirements from Newfoundland and Labrador Hydro ("Newfoundland Hydro"). Purchased power expense in 2000 was $199.3 million, a $6.5 million, or 3.4 per cent, increase over 1999. This increase was the result of higher energy sales and a $1.2 million charge related to a change in the Hydro Production Equalization Reserve. This account is designed to normalize annual variations in stream flows used to produce hydroelectricity.

Other operating expenses in 2000 were $48.9 million, a $2.9 million, or 5.7 per cent, decrease over 1999. This decrease was due to lower labour costs resulting from an early retirement program in 1999 and the adoption of new accounting rules for pensions.

Newfoundland Power's operating cost per customer was $237 in 2000. These costs have decreased 20 per cent since 1991 and 2000 costs are the lowest in the last ten years.

Regulation: Newfoundland Power operates under cost of service regulation as prescribed by orders of the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB). Earnings are regulated on the basis of rate of return on rate base. In 1998, an automatic adjustment formula was established by the PUB to annually determine the permitted rate of return on rate base.

The allowed rate of return on rate base for 2000 was raised from 9.98 per cent to 10.28 per cent, permitting the company to earn within a range of 10.10 per cent to 10.46 per cent. In 2000, largely due to the impact of interest received on a refund of corporate tax which had been deposited pursuant to a tax reassessment,

Newfoundland Power exceeded the maximum allowed rate of return on rate base. A reserve account has been established by order of the PUB, for the purpose of dealing with excess revenue, and a provision of $6.6 million has been made to this account for the regulatory obligations arising from the excess revenue in 2000.

On November 28, 2000, the PUB ordered that application of the automatic adjustment formula would not change Newfoundland Power's consumer electricity rates for 2001 and that the allowed return on rate base would remain within the range of 10.10 per cent to 10.46 per cent.

Outlook: Independent forecasters predict continued strong economic growth for Newfoundland and Labrador in 2001, placing the province among the country's economic leaders for the fourth consecutive year. Gross Domestic Product (GDP) growth is projected to be 4.7 per cent. The service sector component of GDP, which is more predictive of Newfoundland Power's energy sales, is forecast to grow at a more modest rate of 1.8 per cent.

An Energy Policy Review was initiated by the Government of Newfoundland and Labrador in 1998. This review is examining a number of issues that could affect Newfoundland Power's business including the appropriate form of utility regulation for the province. The company supports a move to more flexible, incentive-based regulation that is reflective of global regulatory trends and is better aligned with the expectations of customers regarding reliability and price.

Newfoundland Hydro is expected to make application in 2001 to change the electricity rate charged to Newfoundland Power, effective January 1, 2002. The energy rate charged to the company was last set in 1992 and, since that time, the cost of fuel has increased significantly. Given higher world oil prices and possible increased costs associated with new generation facilities, electricity rates for the company and its customers could increase.

The development of the natural gas industry in Atlantic Canada, which is on the medium term horizon, may affect energy supply options and may present new opportunities for energy generation. The company will continue to strengthen its infrastructure and develop its expertise in energy services to be competitive in delivering low-cost environmentally friendly energy in an emerging competitive marketplace.

Maritime Electric

Earnings: The company's earnings were negatively impacted by increased energy costs due to curtailments of energy available for sale by New Brunswick Power, the dramatic rise in the price of fuel oil, and additional operating and maintenance costs associated with a scheduled outage at the New Brunswick Power Point Lepreau Nuclear Generating Station. Earnings applicable to common shares were $1.0 million in 2000 compared to $5.3 million in 1999. Before the positive impact of future income tax rate reductions of $1.8 million, the company recorded a net loss of $0.8 million.

Energy Sales: Energy sales were 958 GWh in 2000, a 4.5 per cent increase over 1999 energy sales. Commercial energy sales increased 4.6 per cent reflecting growth in the tourism industry, increased manufacturing and processing output and new development in the retail sector. Residential energy sales were also strong, increasing 4.0 per cent.

Revenue: Revenue for 2000 was $91.4 million, a $4.7 million, or 5.4 per cent increase, over 1999 revenue. Increased revenue was a result of higher energy sales and a 3.0 per cent increase in residential electricity rates effective April 1, 2000.

Expenses: Maritime Electric purchases the majority of its annual energy requirements from New Brunswick Power through several energy purchase agreements. Energy supply costs in 2000 were $65.3 million, a $14.5 million, or 28.5 per cent, increase over 1999. Several factors contributed to the significant increase in energy supply costs. First, as a result of short term

capacity shortages experienced in the Maritimes and the New England states in October and December, New Brunswick Power curtailed its supply to Maritime Electric. During that time, the company was forced to purchase and produce replacement energy at substantial premiums. Second, the dramatic rise in the price of fuel oil increased the cost of purchased power significantly under the company's Energy Purchase Agreement with New Brunswick Power. On average, a one dollar increase in the per barrel price of oil translates into a $500,000 increase in energy supply costs. Third, the New Brunswick Power Point Lepreau Nuclear Generating Station was out of service 74 days for scheduled maintenance and eight days for unscheduled maintenance resulting in additional cost to Maritime Electric for replacement energy. Under the terms of the Maritime Electric Company Limited Regulation Act, the company is unable to pass the increased energy costs along to consumers and, therefore, the full effect of these costs is reflected in Maritime Electric's earnings.

Other operating expenses in 2000 were $11.0 million, a $0.3 million, or 2.8 per cent, increase over 1999 operating expenses. The increase was primarily the result of higher maintenance costs associated with the additional operation of the company's on-island generation facilities.

Regulation: Under the terms of the Maritime Electric Company Limited Regulation Act, electricity rates on Prince Edward Island can be no greater than 110 per cent of New Brunswick electricity rates for equivalent service in New Brunswick. The Act also prescribes minimum reliability standards and requires the company to maintain at least 40 per cent of its capital structure in the form of common equity. At year-end 2000, the common equity component of capital structure of Maritime Electric was approximately 39 per cent. It is anticipated that the common equity component of capital structure will return to 40 per cent by mid-2001 as a result of earnings from operations.

Outlook: Energy sales are forecast to remain strong in 2001, primarily due to new customer growth and expansion in the aerospace and tourism industries. The Prince Edward Island economy is forecast to grow by approximately 2.5 per cent in 2001.

As a result of a negotiated settlement with New Brunswick Power in respect of the $450 million write down of the Point Lepreau Nuclear Generating Station, Maritime Electric's net operating expenses associated with its participation in the Station will decline by $1.5 million annually beginning in 2001.

The Point Lepreau Nuclear Generating Station operates under a planned maintenance schedule with shutdowns for preventative maintenance occurring every 18 months. No shutdown is planned for 2001. The absence of a scheduled shutdown will have a positive impact on Maritime Electric's energy costs and earnings for the year.

Maritime Electric increased electricity rates 4.53 per cent effective January 1, 2001 to adjust for the write down of the Point Lepreau Nuclear Generating Station, a cost which will not be recovered from New Brunswick Power customers. A regulatory review with respect to the rate increase is currently underway. This adjustment is provided for under the terms of the Maritime Electric Company Limited Regulation Act.

Maritime Electric is participating in discussions with utilities based in other Maritime provinces and the state of Maine with respect to the potential formation of a Regional Transmission Organization (RTO). The purpose of the RTO would be to develop and operate a fair and equitable process to transmit electricity at reasonable rates within its service territory. Formation of an RTO would provide the company with more options to acquire electricity for resale.

FortisUS Energy

Earnings: In its first year of operations, the company's earnings applicable to common shares were $615,000. Heavy rainfall and resulting increased production from

the company's hydroelectric plants, combined with favourable electricity prices, contributed to the strong earnings in 2000. FortisUS Energy sells all of its electricity under a series of renewable contracts. Energy production for the year was 67 GWh with associated revenues of $3.1 million.

FortisUS Energy acquired two hydroelectric generating plants located in upper New York State in December 2000. The total capacity of the four plants now operated by the company is approximately 23 megawatts (MW) producing an average annual energy output of approximately 85 GWh.

Outlook: The expansion of FortisUS Energy reflects the strategy of the company to increase its operations within the United States. The company will continue to identify and assess opportunities to acquire small hydroelectric generating facilities within the eastern United States. Energy production is forecast to increase approximately 25 per cent in 2001 as a result of the contribution of the two plants purchased in December 2000.

Belize Electricity

Fortis holds a 67 per cent interest in Belize Electricity. The results reported below represent the company's total operations.

Earnings: Earnings for 2000 increased to $8.2 million from $7.3 million in 1999. Earnings were driven by significant growth in energy sales offset somewhat by expenses associated with an early retirement program and increased depreciation expense.

Energy Sales: Energy sales grew 15.1 per cent to 229 GWh in 2000 from 199 GWh in 1999. Continuation of the Power III Project during the year, designed to expand the distribution system to improve reliability of service and increase the number of customers served, added over 760 new customers and more than 1,350 street lights in new service territories. Commercial energy sales increased 24.8 per cent, or 25 GWh, reflecting increased economic activity in Belize and a strategic effort to connect self-generating businesses such as citrus companies. Residential energy sales increased 4.8 per cent, or 4 GWh, over 1999.

Revenue: Revenue for 2000 was $63.6 million, an increase of 11.4 per cent over 1999. Increased revenue was primarily a result of higher energy sales offset by a seven per cent reduction in commercial electricity rates effective April 1, 2000. The rate decrease was the first under the company's commitment to reduce overall electricity rates by 15 per cent over the five years ending 2004. The reduction was targeted solely at commercial customers to assist in stimulating economic activity in Belize.

Expenses: Belize Electricity purchases the majority of its energy requirements from Comision Federal de Electricidad, the Mexican state-owned power company, and from the Mollejon hydroelectric facility in western Belize. Purchased power expense in 2000 was $30.6 million, a 10.7 per cent increase over 1999. The increase in purchased power expense was primarily the result of higher energy sales.

Other operating expenses were $13.6 million, a 10.4 per cent increase over 1999. The increase was due to costs of $1.3 million associated with an early retirement program in 2000 and increased labour costs associated with a new collective agreement on June 1, 2000.

Depreciation expense was $7.0 million in 2000 compared to $5.6 million in 1999. The increase was associated with the commissioning of assets under the Power II Project. The $58.5 million Power II Project included a 115 kilovolt (kV) transmission line interconnecting Belize with Mexico and a 19.7 kilometer, 34.5 kV submarine cable with the capacity to supply 12 MW of energy to San Pedro Island.

Regulation: Belize Electricity is regulated by a Public Utilities Commission (PUC) under the terms of an amendment to the 1992 Electricity Act and the Public Utilities Commission Act of 1999.

The PUC has approved bylaws that govern the setting of electricity rates and establish minimum quality of service standards, and will mandate a one cent per annum decrease in electricity rates 2000 through 2004. The quality of service standards will be monitored and formalized over a transition period from January 1, 2000 through June 30, 2004 and will become effective July 1, 2004.

Effective January 1, 2000, the company and the PUC established a Cost of Power Rate Stabilization Account (CPRSA). The CPRSA is designed to normalize changes in the price of electricity due to fluctuating fuel costs. It will stabilize electricity rates for consumers while providing the company with a mechanism which permits, over time, the recovery of its cost of electricity.

In 2000, the PUC extended the company's license to generate, transmit, distribute and supply electricity in Belize. The license, originally due to expire in 2008, now expires in 2015. Under the terms of the license, the company has the right of first refusal on any subsequent license grant. If the license is not renewed for any reason, Belize Electricity will be entitled to receive, upon the transfer of its electric utility assets to a new operator, the greater of market value or 120 per cent of the net book value of these assets.

Outlook: Belize Electricity anticipates growth of electricity demand to remain high at approximately 9.0 per cent for 2001 due to economic growth and the company's continuing drive to increase industrial use and connect self-generators. In addition, the Government of Belize is pursuing an economic growth policy which will positively impact energy sales through additional services to new housing projects.

The Belize GDP is forecast to grow by approximately 5 per cent in 2001. This growth will be driven by increased activity in the construction, tourism and shrimp farming industries.

Early in 2001, Fortis acquired a 95 per cent interest in Belize Electric Company Limited (BECOL) which owns and operates the Mollejon hydroelectric facility, located on the Macal River in western Belize. The facility is a 25 MW generating plant capable of delivering average annual energy of 80 GWh and is the only commercial hydroelectric facility in Belize. BECOL sells its entire output to Belize Electricity under a 50-year power purchase agreement.

The company's long term strategy is to mitigate the impact of fuel price increases by diversifying its sources of energy supply and becoming more self-sufficient in power production. The company has signed a Memorandum of Intent with Belize Sugar Industries to purchase excess capacity produced by a proposed bagasse-fueled generation facility by the sugar company.

Canadian Niagara Power

Fortis owns a 50 per cent interest in Canadian Niagara Power with the remaining interest owned by Niagara Mohawk Holdings Inc., a major U.S. utility holding company. The Corporation's 50 per cent interest is reported on a proportionate consolidation basis. The results reported below represent Canadian Niagara Power's total operations.

Earnings: Earnings applicable to common shares for 2000 were $12.4 million, an increase of $2.9 million over 1999 earnings. The growth in earnings includes a $2.1 million gain on the sale of land and reflects increased market energy prices associated with sales of the company's excess energy in the United States. Excluding the gain on the sale of land, net earnings were $10.3 million, 8.4 per cent higher than 1999 earnings.

Energy Sales: Energy sales were 636 GWh in 2000 compared to 828 GWh in 1999. The decline resulted from decreased wholesale energy sales into the United States. These sales were 357 GWh in 2000 compared to 553 GWh in 1999 and reflect the company's decision to stop purchasing electricity for resale into that market. Canadian Niagara Power now sells only excess electricity

associated with its Rankine Generating Station into the United States market. Energy sales to the Fort Erie distribution territory were 279 GWh in 2000, a slight increase over energy sales of 275 GWh in 1999.

Revenue: Revenue for 2000 was $36.9 million compared to $43.1 million in 1999. The decrease in revenue results from the lower level of wholesale electricity sales in 2000. Revenue net of wholesale energy purchases for 1999 was $34.7 million. Retail electricity rates to Fort Erie customers stayed constant for the seventh consecutive year.

Expenses: Operating expenses excluding purchased power were $14.2 million in 2000, an $0.8 million increase over 1999. The change was largely due to an increase in large corporations tax and additional charges associated with the delivery of energy to Fort Erie.

Regulation: In 1998, the Government of Ontario passed the Electricity Act, 1998 to initiate restructuring of the Ontario electricity industry. To meet the regulatory requirements of this legislation, Canadian Niagara Power incorporated a new subsidiary in 1999, Canadian Niagara Power Inc., to hold and operate its transmission and distribution business. The regulatory structure contemplates separating Ontario electricity rates between distribution, transmission and the energy commodity. Distribution rates would be established for each local distributor based on applications made to the Ontario Energy Board (OEB). A non-competitive service rate, which would include transmission, ancillary services, stranded debt and other fixed charges, would also be set by the OEB for each service area while the energy commodity charges would be determined in a competitive market environment.

On November 29, 2000, the company applied to the OEB to increase its distribution rates by 2.59 per cent. The proposed rate increase is to be phased in over three years commencing February 1, 2001. As requested by the OEB, Canadian Niagara Power has not yet filed for transmission rates but anticipates doing so in early 2001.

The Ontario electricity market was originally scheduled to open for competition in November 2000. However, market opening has not yet occurred nor has a new date for opening been announced.

Outlook: The earnings outlook for the company remains positive. In the short term, prices received on the sale of wholesale electricity to the United States are expected to remain strong. In the long term, Canadian Niagara Power anticipates improved earnings performance on its distribution and transmission activities as a result of the changing regulatory structure in Ontario.

Canadian Niagara Power will continue to explore growth opportunities arising from the restructuring of Ontario's electricity industry. In October 2000, the company acquired a 10 per cent interest in Westario Power Holdings Inc. and Rideau St. Lawrence Holdings Inc., two newly-formed regional electric distribution companies in Ontario.

In January 2001, the company signed a letter of intent with the City of Port Colborne to lease the electricity distribution assets of Port Colborne Hydro Inc. Under the terms of the letter of intent, which is subject to negotiation of a definitive agreement and review and approval by the OEB, Canadian Niagara Power will hold an option to purchase the electricity distribution assets of Port Colborne Hydro Inc. for fair market value at the end of a 10-year term.

Caribbean Utilities

In March 2000, Fortis Inc. acquired a 20 per cent interest in Caribbean Utilities. This investment is accounted for on a cost basis and, therefore, only dividend income received from Caribbean Utilities is included in income of the Corporation.

Dividend Income: Dividend income received from

Caribbean Utilities in 2000 totalled $3.1 million. On October 30, 2000, Caribbean Utilities increased its regular quarterly dividend to US$0.145 from US$0.12 per Class A Ordinary Share. On an annualized basis, dividends per share increased 21 per cent to US$0.58 from US$0.48. Fortis Inc. holds 4.75 million Class A Ordinary Shares.

Financial Results: For the fiscal year ended April 30, 2000, earnings applicable to common shares were US$18.0 million, an increase of US$3.6 million, or 25.0 per cent, over 1999 earnings of US$14.4 million. Earnings applicable to common shares for the nine months ended January 31, 2001 were US$14.8 million, an increase of US$1.9 million, or 14.7 per cent, over the same period in 2000.

Generation: The company continues to achieve new records in net generation. In July 2000, demand peaked at 68.4 MW, a 7.5 per cent increase over the 1999 summer peak. Caribbean Utilities currently supplies more than 19,000 customers.

Regulation: Caribbean Utilities operates the only public electrical utility in Grand Cayman, Cayman Islands pursuant to a 25-year exclusive license, expiring 2011, with the Government of the Cayman Islands. Under the terms of the license, the company is permitted to earn a rate of return on rate base of 15 per cent with fuel price pass through to rate payers.

Outlook: Caribbean Utilities anticipates growth of energy demand to remain high at approximately 8.5 per cent per annum over the next two years. Development plans for Grand Cayman during the forecast period are anticipated to contribute to this growth.

Fortis Properties

Earnings: Fortis Properties achieved record earnings in 2000. Earnings applicable to common shares were $4.1 million, a $2.4 million increase over 1999 earnings of $1.7 million. Before the positive impact of future income tax rate reductions of $1.2 million, earnings were $2.9 million. The results reflect increased earnings for each of the company's operating divisions and contributions from new acquisitions.

Real Estate Division: Earnings before interest, income taxes, depreciation and amortization from the Real Estate Division were $9.8 million in 2000 compared to $7.0 million in 1999. Revenue increased 28.9 per cent to $24.1 million in the period.

The inclusion of results from Brunswick Square for the full year provided the largest contribution to overall growth in the Real Estate Division over 1999. All operating regions reported growth, with Nova Scotia achieving the largest net gain as aggressive leasing and improved rental rates offset the loss of a large tenant at the Maritime Centre in the last quarter of 1999.

Operating expenses in 2000 were $14.3 million compared to $11.7 million in 1999. The increase was primarily due to the inclusion of operations from Brunswick Square for the full year.

The vacancy rate of the company's Real Estate Division improved 4.8 percentage points declining to 5.8 per cent in 2000 from 10.6 per cent in 1999. General improvements in all of the company's operating regions and the high occupancy rates of newly-acquired properties led to the significant improvement in vacancy levels.

Hospitality Division: Earnings before interest, income taxes, depreciation and amortization from the Hospitality Division were $7.1 million in 2000 compared to $5.2 million in 1999. Revenue increased 23.4 per cent to $27.9 million in the period.

The operations of Delta Brunswick in Saint John, New Brunswick, for the full year provided the largest contribution to overall growth in the Hospitality Division over 1999. The completion of a 64-room expansion to

the Holiday Inn St. John's, as well as an increase in revenue per available room (REVPAR) at the Days Inn Sydney and Mount Peyton hotels, also contributed to the improved results. REVPAR for the Hospitality Division increased 10.1 per cent to $55.27 in 2000 from $50.22 in 1999.

Operating expenses in 2000 were $20.8 million compared to $17.4 million in 1999. The increase in operating expenses in the period was primarily due to the inclusion of Delta Brunswick for the full year and the expansion of Holiday Inn St. John's.

Outlook: Earnings are anticipated to remain strong in 2001. In December 2000, the company acquired three commercial properties in Atlantic Canada, encompassing one million square feet of office space. These acquisitions will make an immediate positive contribution to earnings in 2001. The company anticipates modest growth in REVPAR and real estate occupancy levels for its properties given the stable economic outlook for Atlantic Canada. The company has commenced construction of a $15 million, 178-room hotel in downtown Halifax, Nova Scotia, which is scheduled to be completed in the fall of 2001. The Halifax market continues to demonstrate rate and occupancy growth.

Fortis Trust

Earnings applicable to common shares for 2000 were $533,000, slightly higher than 1999 earnings of $505,000. Improved earnings reflect decreases in non-interest expenses and provision for credit losses offset by a reduction in mortgaged-backed securities servicing fees. The company anticipates earnings in 2001 to be comparable with 2000.

Corporate

Corporate costs in 2000 were $11.4 million compared to $6.6 million in 1999. The increase reflects higher financing costs associated with recent acquisitions. Financing costs were $7.4 million in 2000 compared to $0.6 million in 1999. Administration expenses for the year were $2.0 million, comparable to the prior year. Corporate costs also included dividends on preferred shares and the amortization of goodwill.

Liquidity and Capital Resources

Operating Activities: Cash from operations increased 18.7 per cent to $100.5 million in 2000 from $84.7 million in 1999. The increase in cash from operations in 2000 was attributable to higher earnings. Cash from operations by operating segment is presented in the following table.

Cash from Operations by Operating Segment

($ millions)	2000	1999
Newfoundland Power	**63.7**	42.9
Maritime Electric	**4.9**	15.6
FortisUS Energy	**1.4**	--
Belize Electricity	**23.8**	(0.6)
Canadian Niagara Power	**5.1**	7.0
Fortis Properties	**13.2**	21.5
Fortis Trust	**(0.4)**	1.1
Corporate	**(11.2)**	(2.8)
TOTAL	**100.5**	84.7

Financing Activities: Cash from financing activities was $150.8 million compared to $42.5 million last year. The increase in cash from financing activities was largely attributable to public debt and common share offerings.

During 2000, the Corporation secured an $81.5 million acquisition credit facility to initially fund its investment in Caribbean Utilities. Subsequent to this transaction, Fortis successfully completed a public offering of 1.5 million common shares for gross proceeds of $51.8 million. The Corporation also completed its first public debt offering with a $100 million placement of senior unsecured debentures.

The proceeds from the common share issue and public debt offering were used to pay down the acquisition credit facility and existing short term debt.

Fortis Properties successfully secured $63.8 million in term financing used primarily to fund its newly-acquired commercial properties. Canadian Niagara Power negotiated a five-year committed $66 million acquisition facility to replace existing debt and to fund growth opportunities in Ontario. As of December 31, 2000, $34 million of this facility remained unused. Maritime Electric successfully completed a private placement of $15 million in first mortgage bonds.

Successful completion of these financing transactions demonstrates the ability of Fortis and its companies to obtain debt and equity financing when appropriate.

Short term debt and cash on hand is initially used to finance capital programs, projects and acquisitions. Fortis and its companies have $288 million in short term credit facilities to support financing requirements. Short term debt is subsequently refinanced with an appropriate balance of long term debt, preferred shares and common shares.

As the Corporation continues to grow, an appropriate capital structure will be maintained in order to access capital markets at the lowest possible cost. The capital structure of the Corporation is presented in the following table.

Capital Structure	**2000**		1999	
	($ millions)	**%**	($ millions)	%
Total debt, net of cash	**706.2**	**60.4**	579.8	59.6
Preferred shares	**50.0**	**4.3**	50.0	5.1
Common shareholders' equity	**412.1**	**35.3**	343.8	35.3
Total	**1,168.3**	**100.0**	973.6	100.0

The Corporation paid $25.7 million in common share dividends in 2000, or $1.84 per common share, compared to $23.8 million, or $1.81 per common share, in 1999. The Corporation has increased its dividends per common share every year since its inception in 1987. The divided payout ratio declined to 67.6 per cent in 2000 from 80.8 per cent in 1999.

The Corporation received $4.9 million in 2000 for common shares issued through its Dividend Reinvestment Plan, Consumer Share Purchase Plan, Employee Share Purchase Plan and Executive Stock Option Plan comparable to the amount received in 1999.

Investing Activities: Cash used in investing activities totaled $244.2 million in 2000 compared to $122.5 million in 1999. The increase in cash used in investing activities was mainly attributable to the investment in Caribbean Utilities and the acquisition of commercial properties. The Corporation invested $145.8 million in acquiring new business interests and $98.1 million in capital expenditures during 2000.

In March 2000, Fortis acquired a 20 per cent interest in Caribbean Utilities for $79.9 million. In December 2000, Fortis Properties acquired the Fort William Building in St. John's, Newfoundland and the Blue Cross Centre in Moncton, New Brunswick at a cost of $52.7 million. Fortis Properties also acquired the remaining 50 per cent equity interest in Brunswick Square Limited in Saint John, New Brunswick for $6.2 million which added an additional $17.0 million in income-producing properties. Also in December, FortisUS Energy acquired two hydroelectric generating plants in upper New York State for $6.9 million.

Capital expenditures excluding acquisitions, by operating segment, are presented in the following table.

Capital Expenditures

($ millions)	2000	1999
Newfoundland Power	**43.7**	43.8
Maritime Electric	**12.6**	14.4
Belize Electricity	**21.0**	2.3
Canadian Niagara Power	**3.4**	3.0
Fortis Properties	**16.9**	3.1
Other	**0.5**	0.1
TOTAL	**98.1**	66.7

Fortis invested $98.1 million in capital programs in 2000 compared to $66.7 million in 1999. Capital expenditures undertaken by Newfoundland Power continued to focus on improving the reliability of the electricity system throughout Newfoundland. Maritime Electric focused its capital investments on initiatives to strengthen its energy delivery system to meet increased load. The majority of the capital expenditures incurred by Belize Electricity pertained to the Power III Project which is designed to extend electricity service to 13,000 new customers by 2003. In addition, the company completed construction of its new corporate headquarters. Major capital additions by Canadian Niagara Power included construction of a new transmission switching station at the interconnection point with Hydro One Inc. and replacement of an aging distribution transformer station. Fortis Properties completed a 64-room expansion of the Holiday Inn St. John's and started construction of a 178-room hotel development in downtown Halifax, Nova Scotia which will be operational in the fall of 2001.

Business Risk Management

The primary business risks for Fortis are related to regulation, energy prices, weather, foreign exchange, interest rates, market conditions and credit. In 1987, Newfoundland Power represented 100 per cent of the Corporation's assets. As of December 31, 2000, the assets of Newfoundland Power represented 43.8 per cent of the total assets of the Corporation. Fortis has grown to become an international company with operations in Atlantic Canada, Ontario, the northeastern United States and the Caribbean region.

Regulation: The Corporation's utilities are subject to regulatory risk. The impact of this risk to the Corporation is mitigated by the diversity of regulatory environments in which its companies operate. The rate of return on rate base of Newfoundland Power is subject to adjustment based on a formula. There is no change to the company's allowed rate of return on rate base for 2001. The evolving electric utility environment in New Brunswick, to which Maritime Electric is tied by legislation, may necessitate regulatory changes for the company. Belize Electricity is subject to the risk associated with the uncertainties inherent in a regulatory environment undergoing transformation. The company is working closely with the Government of Belize to establish the new regulatory framework. Canadian Niagara Power is subject to the risk associated with the uncertainty of the changing regulatory environment in Ontario. The company continues to be proactive and innovative in its strategies to identify opportunities presented by the changing electricity industry.

Energy Prices: Most Fortis utilities purchase electricity for resale and, consequently, are exposed to energy price risk. The energy rate charged to Newfoundland Power by Newfoundland Hydro was last set by the PUB in 1992. Newfoundland Hydro is expected to make a rate increase application to the PUB in 2001.

Newfoundland Power has the ability to pass on any increase to its customers. Further, a Rate Stabilization Account limits Newfoundland Power's exposure to ongoing changes in energy prices as price increases flow through to customers. Maritime Electric has exposure to increases in the price of oil as the cost of energy purchased under the Energy Purchase Agreement with New Brunswick Power is based upon the price of residual fuel oil. The company is also exposed to increases in energy costs associated with curtailment of supply by New Brunswick Power. Maritime Electric has formulated a hedging program which may be used in the future to mitigate the impact of increased oil prices on purchased energy costs. The company is participating in discussions regarding formation of a RTO which would provide Maritime Electric with additional options to purchase electricity. In 2000, Belize Electricity established a CPRSA thereby limiting its exposure to changes in energy prices. The company purchases energy from Comision Federal de Electricidad, the Mexican state-owned power company, and BECOL under long term contracts. Canadian Niagara Power has water and power exchange agreements with Ontario Power Generation Inc. and Hydro One Inc. which limits the company's exposure to changes in energy prices. The company uses forward contracts to sell its excess electricity to the United States, thereby limiting exposure to changing market conditions.

Weather: The assets of Belize Electricity are exposed to hurricane risk. The company's plant and equipment, with the exception of its transmission and distribution assets, are fully insured. Transmission and distribution assets are covered under a self-insurance scheme which is supplemented by a standby financing arrangement with one of the utility's commercial bankers.

On September 30, 2000, Belize was impacted by Hurricane Keith which had the greatest impact on the resort islands of Ambergris Caye and Caye Caulker situated off the northeast coast of the country. Damage sustained in Belize City was not as great as that sustained in other areas of the country. Despite the damage to the electricity system, estimated in excess of US$4.4 million, restoration efforts progressed very well.

All Fortis utilities are exposed to climatic factors which are generally addressed by regulatory mechanisms. The Corporation utilizes a centralized insurance management function to enable a higher level of insurance expertise and to reduce the liability exposure of the Fortis Group of Companies.

Foreign Exchange: Earnings from Belize Electricity, Caribbean Utilities and FortisUS Energy are denominated in US dollars. As a result, earnings and cash flow from these operations are exposed to changes in foreign exchange rates. In 2000, Fortis hedged US dollar denominated cash flows of approximately US$2.5 million per annum with a major financial institution, mitigating the impact to earnings and cash flow of potential currency fluctuations.

Interest Rates: The Corporation has exposure to interest rate risk as movement in interest rates associated with short term debt facilities and refinancing of long term debt impact future earnings. Fortis has limited exposure to interest rate risk as less than six per cent of the Corporation's total debt at December 31, 2000 was subject to variable interest rates. Newfoundland Power's allowed return is at risk to changes in interest rates as the automatic adjustment formula used to set the company's allowed return is based on long term Canada bond rates.

Market: The Fortis Group of Companies are exposed to economic risks. The growth of each company is partially dependent on the economic conditions of its operating territory. The impact to the Corporation of an economic slowdown in a particular operating territory is mitigated by the geographic diversification of the Fortis Group of Companies.

Credit: Fortis Trust is exposed to credit risk associated with lending. Its credit risk philosophy is conservative with a primary focus on insured residential first mortgages. As of December 31, 2000, approximately 68 per cent of the company's mortgage portfolio was insured by Canada Mortgage and Housing Corporation.

MANAGEMENT REPORT

The accompanying financial statements of Fortis Inc. and its subsidiaries, and all information in the 2000 Annual Report, are the responsibility of management and have been approved by the Board of Directors. The financial statements include certain amounts that are based on management's best estimates and judgments.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Financial information contained elsewhere in the 2000 Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Corporation are properly safeguarded. The effectiveness of these internal controls is evaluated on an ongoing basis by the external auditors.

The Audit Committee, which is comprised solely of outside directors, reviews the annual consolidated financial statements and recommends their approval to the Board of Directors. The Committee meets with the external auditors, with and without management present, to discuss the results of the audit, the adequacy of the internal accounting controls and financial reporting matters.

The consolidated financial statements have been audited by Deloitte & Touche LLP and their report follows.

H. Stanley Marshall
President and Chief Executive Officer

Karl Smith

Karl W. Smith
Vice President, Finance and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders,
Fortis Inc.

We have audited the consolidated balance sheets of Fortis Inc. as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
St. John's, Newfoundland
February 16, 2001

FORTIS INC.
(Incorporated under the laws of the Province of Newfoundland and Labrador)
CONSOLIDATED BALANCE SHEET
As at December 31

ASSETS	2000	(In thousands) 1999
Current Assets		
Cash	$ 18,432	$ 11,291
Accounts receivable	76,800	64,345
Materials and supplies	16,731	17,226
	111,963	92,862
Other Assets		
Mortgages receivable	53,548	50,087
Deferred charges (Note 1)	67,359	56,329
Corporate income tax deposit (Note 22)	13,636	15,595
	134,543	122,011
Utilities' Capital Assets (Note 2)	908,846	862,765
Income Producing Properties (Note 3)	205,565	121,972
Long Term Investments (Note 4)	81,515	-
Goodwill	36,164	38,987
	$ 1,478,596	$ 1,238,597

LIABILITIES	2000	1999
Current Liabilities		
Bank indebtedness (Note 5)	$ 34,446	$ 92,501
Accounts payable and accrued charges	130,750	94,431
Deposits payable	31,024	31,908
Current installments of long term debt (Note 6)	11,881	10,729
	208,101	229,569
Long Term Debt (Note 6)	728,350	537,828
Deposits Due Beyond One Year	16,329	15,640
Deferred Credits (Note 7)	82,174	82,366
Non-Controlling Interest (Note 8)	31,502	29,381
SHAREHOLDERS' EQUITY		
Common shares (Note 9)	209,294	153,944
Foreign currency translation adjustment	1,163	(792)
Retained earnings	201,683	190,661
	412,140	343,813
	$ 1,478,596	$ 1,238,597

Contingent liability (Note 22)
Subsequent event (Note 23)

Approved on Behalf of the Board:

Angus A. Bruneau, Director

Bruce Chafe, Director

See accompanying notes to consolidated financial statements.

FORTIS INC.
CONSOLIDATED STATEMENT OF EARNINGS
For the Year Ended December 31

	2000	(in thousands)	1999
Operating Revenues	$ 584,575		$ 505,218
Expenses			
Operating	418,412		356,227
Amortization	52,531		45,407
	470,943		401,634
Operating Income	113,632		103,584
Finance Charges			
Interest and amortization (Note 10)	55,354		43,090
Dividends on preference shares	2,975		2,975
	58,329		46,065
Earnings Before Income Taxes and Undernoted Items	55,303		57,519
Income Taxes (Note 11)	17,633		27,476
Earnings Before Undernoted Items	37,670		30,043
Gain on Sale of Certain Trademark Rights (Note 12)	1,209		-
Gain on Sale of Surplus Land (Note 13)	1,029		-
Earnings Before Non-Controlling Interest and Discontinued Operations	39,908		30,043
Non-Controlling Interest	3,149		803
Earnings Before Discontinued Operations	36,759		29,240
Results of Discontinued Operations (Note 14)	-		(57)
Earnings Applicable to Common Shares	$ 36,759		$ 29,183
Average Common Shares Outstanding (Note 9)	13,517		13,047
Earnings per Common Share ($)	$ 2.72		$ 2.24

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
For the Year Ended December 31

	2000	(in thousands)	1999
Balance at Beginning of Year	$ 190,661		$ 189,585
Change in accounting policies (Notes 15 & 16)	-		(4,319)
As Restated	190,661		185,266
Earnings applicable to common shares	36,759		29,183
Dividends on common shares	(25,737)		(23,788)
Balance at End of Year	$ 201,683		$ 190,661

See accompanying notes to consolidated financial statements.

FORTIS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31

	2000	(in thousands)	1999
Cash from Operations			
Earnings before non-controlling interest and discontinued operations	$ 39,908		$ 30,043
Items not Affecting Cash			
Amortization	52,531		45,407
Future income taxes	(1,582)		636
Accrued employee future benefits	(9,041)		(5,889)
Other	(1,757)		(768)
Change in non-cash working capital (Note 18)	20,394		15,225
Cash from Continuing Operations	100,453		84,654
Cash from Discontinued Operations	-		25
	100,453		84,679
Cash from External Financing			
Issue of common shares	55,350		4,852
Proceeds from long term debt	199,289		-
Repayment of long term debt	(23,368)		(8,502)
Change in bank indebtedness	(58,157)		68,346
Change in deposits payable beyond one year	689		(105)
Contributions in aid of construction	4,706		2,279
Dividends			
Common shares	(25,737)		(23,788)
Subsidiaries to non-controlling shareholders	(1,924)		(515)
Cash from Continuing Operations	150,848		42,567
Cash used in Discontinued Operations	-		(73)
	150,848		42,494
Cash used in Investing			
Capital additions	(157,652)		(86,475)
Long term investments	(81,515)		-
Proceeds on sale of surplus land	1,542		-
Net proceeds on sale of certain trademark rights	1,209		-
Change in corporate tax deposit	1,959		-
Mortgages	(3,462)		4,913
Deferred charges	(1,536)		(2,727)
Business acquisitions, net of cash (Note 17)	(4,705)		(39,315)
Cash used in Continuing Operations	(244,160)		(123,604)
Cash from Discontinued Operations	-		1,135
	(244,160)		(122,469)
Change in Cash	7,141		4,704
Cash, Beginning of Year	11,291		6,587
Cash, End of Year	$ 18,432		$ 11,291

See accompanying notes to consolidated financial statements.

FORTIS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2000

SUMMARY OF ACCOUNTING POLICIES

Consolidated Financial Statements

Consolidated financial statements include the accounts of Fortis Inc. (the "Corporation") and the following subsidiaries:

Newfoundland Power Inc. ("Newfoundland Power")
Maritime Electric Company, Limited ("Maritime Electric")
FortisUS Energy Corporation ("FortisUS Energy")
Belize Electricity Limited ("Belize Electricity")
Fortis Properties Corporation ("Fortis Properties")
Fortis Trust Corporation ("Fortis Trust")

The accounts of Fortis Properties include its proportionate share of its 50% interest in Brunswick Square Limited ("Brunswick Square") to December 14, 2000 plus its 100% interest from December 15, 2000 to December 31, 2000 (Note 17).

The Corporation's 50% interest in a joint venture, Canadian Niagara Power Company, Limited ("Canadian Niagara Power"), is reported on a proportionate consolidation basis. Canadian Niagara Power sold its shares of Canadian Niagara Wind Power Company Inc. ("CNWP") during 1999. The Corporation's share of earnings and the loss on disposition are presented as discontinued operations (Note 14). The accounts of Canadian Niagara Power include its wholly-owned subsidiaries, Canadian Niagara Power Company Inc., 1161557 Ontario Inc. and Ziegler Energy Demands Ltd. ("Ziegler Energy Demands").

Investments in which the Corporation does not exercise significant influence are accounted for on the cost basis. Declines in value considered to be other than temporary are recorded in the period such determinations are made.

All amounts presented are in Canadian dollars unless otherwise stated.

Goodwill

Goodwill, representing the excess of the acquisition cost of shares of Maritime Electric and Canadian Niagara Power over the assigned value of identifiable net assets acquired, is being amortized on a straight line basis over twenty-five and twelve years, respectively. The Corporation evaluates the carrying value of goodwill for potential permanent impairment through ongoing review and analysis of fair market value and expected earnings. Should a permanent impairment in the value of goodwill be identified, it will be written off against earnings in the period such impairment is recognized.

Employee Future Benefits

The Corporation maintains defined benefit pension plans, defined contribution pension plans and group RRSP's for its employees. The pension costs of the defined benefit plans are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. Pension plan assets are valued at fair value. The excess of any cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is deferred and amortized over the average remaining service period of active employees, except for early retirement offerings at Newfoundland Power which are being amortized on a straight line basis over ten years in accordance with the requirements of the Board of Commissioners of Public Utilities of the Province of Newfoundland and Labrador ("PUB"). The costs of the defined contribution pension plans and group RRSP's are expensed as incurred.

The Corporation also offers other non-pension post retirement benefits to employees through defined benefit plans. The costs associated with these other future benefits are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. Newfoundland Power has not accrued the costs associated with non-pension post employment benefits. In accordance with regulatory requirements the cost of these benefits is recorded in the year incurred.

Foreign Currency Translation

The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at the exchange rates in effect at the balance sheet dates. The resulting unrealized translation gains and losses are accumulated as a separate component of common shareholders' equity under the foreign currency translation adjustment heading. Revenue and expense items are translated at the average exchange rate for the year.

Assets and liabilities denominated in foreign currencies, other than those of foreign operations, are translated into Canadian dollars at the exchange rate prevailing on the balance sheet date. Gains and losses on translation are included in the statement of earnings. Revenue and expense items denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the transaction date.

Financial Instruments

The financial instruments of the Corporation and its subsidiaries consist primarily of accounts receivable, mortgages receivable, accounts payable and accrued charges, deposits payable and long term debt. Accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of customers on normal credit terms. Unless otherwise disclosed, these financial instruments have a fair value which approximates carrying value.

The Corporation utilizes financial instruments to manage its exposure to changes in foreign currency exchange rates and interest rates. Gains and losses relating to derivatives that are hedges are deferred and recognized in the same period and financial statement category as the related items hedged.

A derivative must be designated by management as a hedge and be effective to be accounted for as a hedge. Hedge effectiveness for cash flow hedges is achieved if the derivative's cash flows substantially offset the cash flows of the hedged item and the timing of the cash flows is similar. Amounts received or paid under financial instruments used to hedge cash flows from U.S. dollar denominated operations are recognized concurrently with the hedged cash flows.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

The accounting policies which follow relate to the utility operations of the Corporation.

Regulation

Newfoundland Power is regulated by the PUB. Accounting policies conform to Canadian generally accepted accounting principles and to accounting requirements established from time to time by the PUB for Newfoundland Power.

Newfoundland Power operates under cost of service regulation as prescribed by orders of the PUB. Earnings are regulated on the basis of rate of return on rate base. In 2000, the approved range of return on rate base allowed under PUB orders was 10.10% to 10.46%. Largely due to the impact of interest received on a corporate tax deposit refund, Newfoundland Power exceeded the maximum allowed rate of return in 2000 resulting in excess revenues of $6.6 million. This amount has been set aside in an Excess Revenue Account and will be accounted for as ordered by the PUB.

Maritime Electric operates under the Maritime Electric Company Limited Regulation Act (Prince Edward Island) and is monitored by the Island Regulatory and Appeals Commission. The Act includes service reliability and capital requirements related to the power system on Prince Edward Island, including the maintenance of a 40% common equity component of its capital structure. At December 31, 2000, Maritime Electric was not in compliance with the required minimum equity component of its capital requirement, primarily as a result of increased replacement energy costs associated with curtailment of energy supply in December 2000.

FortisUS Energy operates under a license from the U.S. Federal Energy Regulatory Commission.

Belize Electricity operates under the Electricity Act (Belize) and is monitored by the Public Utilities Commission of Belize.

Canadian Niagara Power operates under the Electricity Act (Ontario).

The timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using Canadian generally accepted accounting principles for non-regulated entities.

Revenue

Revenue from the sale of electricity by Newfoundland Power and Belize Electricity is recognized on billings rendered monthly, on a cyclical basis, to customers. Revenue from the sale of electricity by Maritime Electric, FortisUS Energy and Canadian Niagara Power is recognized on the accrual basis.

Utilities' Capital Assets

Capital assets of Newfoundland Power are stated at values approved by the PUB as at June 30, 1966 with subsequent additions at cost. Capital assets of all other utilities are stated at cost. The cost of capital assets retired, less net salvage, is charged to accumulated amortization.

Maintenance and repairs are charged against revenue, while renewals and betterments are capitalized.

Amortization

Amortization is provided on a straight-line method based on the estimated service life of capital assets.

Amortization rates range from 2.1% to 9.3%. The composite rate of amortization before reduction for amortization of contributions in aid of construction is 3.7% (1999 - 3.5%).

Interest Charged to Construction

On certain construction projects interest is capitalized and included as a cost in the appropriate capital assets account until the asset is available for service.

Contributions in Aid of Construction

Contributions represent the cost of property, plant and equipment contributed by customers and governments. These accounts are being reduced annually by an amount equal to the charge for amortization provided on the related assets.

Weather Normalization Account

The PUB has ordered provision of a weather normalization account for Newfoundland Power to adjust for the effect of variations in weather and streamflow when compared to long term averages. The balance in the weather normalization account is subject to annual approval by the PUB.

Materials and Supplies

Materials and supplies are recorded at average cost.

Deferred Charges

Deferred charges are amortized as follows:

Debt discount and expenses - over the life of each issue.

Capital stock issue expenses - over a twenty-year period from date of issue at Newfoundland Power except for retractable preference shares, which are amortized over the retraction period.

Income Taxes

The Corporation, and its subsidiaries, except Newfoundland Power, follow the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using the enacted and substantively enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs. Current income tax expense is recognized for the estimated income taxes payable in the current year.

The PUB specifies Newfoundland Power's method of accounting for income taxes. Commencing January 1, 1981, the PUB allowed the tax allocation method with respect to the timing difference between amortization and capital cost allowances for all depreciable assets. If the full tax allocation method of accounting had always been followed, the cumulative deferred income tax liability would have increased by approximately $72 million at December 31, 2000 (1999 - $89 million).

The accounting policies which follow relate to the real estate operations of the Corporation.

Revenue

Real estate revenue is derived from leasing retail and office space to tenants for varying periods of time. The leases are primarily of a net nature with tenants paying basic rental plus a pro rata share of defined overhead expenses. Certain retail tenants pay additional rent based on a percentage of the tenant's sales. An allocated portion of the Corporation's overhead costs are recovered from tenants and recorded as revenue. The Corporation's overhead costs are recorded as operating expenses.

Income Producing Properties

Income producing properties, which include office buildings, shopping malls, hotels and land, are recorded at cost.

Amortization

Fortis Properties amortizes income producing buildings by the sinking fund method using an imputed interest rate of 6% over the estimated useful life of sixty years from date of acquisition. Fortis Properties amortizes tenant inducements over the initial terms of the lease to which they relate, except where a write-down is required to reflect permanent impairment. The lease terms range from three to twenty years.

1. Deferred Charges

	2000	(in thousands)	1999
Deferred pension costs	$ 48,357		$ 38,791
Weather normalization account	8,740		7,362
Unamortized debt discount and expenses	6,020		4,113
Other	1,902		3,508
Deferred recoverable costs	1,743		1,815
Unamortized capital stock issue expenses	597		740
	$ 67,359		$ 56,329

2. Utilities' Capital Assets

	2000	(in thousands)	1999
Utilities' capital assets	$ 1,466,189		$ 1,392,597
Accumulated amortization	557,343		529,832
	$ 908,846		$ 862,765

3. Income Producing Properties

	2000	(in thousands)	1999
Land, buildings and tenant inducements	$ 228,009		$ 141,149
Accumulated amortization	22,444		19,177
	$ 205,565		$ 121,972

4. Long Term Investments

	2000	(in thousands)	1999
Caribbean Utilities Company, Ltd.	$ 79,901		$ -
Other investments	1,614		-
	$ 81,515		$ -

In March 2000, Fortis Inc. acquired an approximate 20% interest in Caribbean Utilities Company, Ltd. ("Caribbean Utilities"), a public company listed on The Toronto Stock Exchange. Caribbean Utilities is the sole provider of electricity to the Island of Grand Cayman, Cayman Islands pursuant to an exclusive 25-year license. The purchase consisted of 4,750,000 Class A Ordinary Shares at U.S. $11.50 per share, for an aggregate purchase price of U.S. $54,625,000. This investment is being accounted for using the cost basis.

The quoted market value of the Corporation's interest in Caribbean Utilities is Cdn $85,471,500 at December 31, 2000.

5. Bank Indebtedness

The credit facilities of the Corporation and its subsidiaries, totaling $288 million, bear interest at rates ranging from 5.8% to 7.5% at December 31, 2000 (1999 - 5.3% to 6.5%).

6. Long Term Debt

		2000	(in thousands)	1999
Fortis Inc.				
2,000,000 5.95% First Preference Shares, Series B		$ 50,000		$ 50,000
7.40% Senior Unsecured Debentures, due 2010		100,000		-
		150,000		50,000
Newfoundland Power				
First mortgage sinking fund bonds:				
11.500%	Series AB, due 2005	13,500		13,650
11.875%	Series AC, due 2007	34,270		34,670
10.550%	Series AD, due 2014	34,153		34,553
10.900%	Series AE, due 2016	36,400		36,800
10.125%	Series AF, due 2022	36,800		37,200
9.000%	Series AG, due 2020	37,600		38,000
8.900%	Series AH, due 2026	38,435		38,835
6.800%	Series AI, due 2028	49,000		49,500
		280,158		283,208
Maritime Electric				
First mortgage bonds:				
12.000%	due 2010	15,000		15,000
11.500%	due 2016	12,000		12,000
8.550%	due 2018	15,000		15,000
8.625%	due 2027	15,000		15,000
8.920%	due 2031	20,000		20,000
7.570%	due 2025	15,000		-
		92,000		77,000

6. Long Term Debt *(continued)*

	2000	*(in thousands)*	1999
Fortis Properties			
8.030% Term loan, due 2002	**20,000**		-
5.000% Note payable, due 2002	**300**		450
6.823% First mortgage, due 2003	**25,615**		13,454
8.150% First mortgage, due 2010	**20,258**		-
7.320% Senior secured notes, due 2019	**22,050**		-
7.500% First mortgage bonds, due 2022	**47,669**		48,504
Obligations under capital leases	**5,572**		4,150
Prime + 1.5% Term loan, repaid during the year	**-**		1,560
	141,464		68,118
Canadian Niagara Power			
Term loan, due 2005	**16,000**		11,200
Belize Electricity			
12.0% Fixed rate debentures, due 2012	**12,818**		12,425
International Bank for Reconstruction and Development (IBRD)	**17,798**		18,831
Caribbean Development Bank (CDB)	**21,021**		20,329
European Investment Bank (EIB)	**4,950**		5,783
Term loan, due 2006	**1,756**		-
Caterpillar Financial Services Corporation, due 2004	**1,197**		-
Other loans	**1,069**		1,663
	60,609		59,031
	740,231		548,557
Less: Current installments	**11,881**		10,729
	$ 728,350		$ 537,828

Fortis Inc.

First Preference Shares, Series B are retractable at the holder's option by depositing such shares with the Corporation's transfer agent on or before November 25, 2002 for redemption by the Corporation on December 2, 2002 at $25.00 per share together with all accrued and unpaid dividends thereon. The Corporation may redeem any or all of the outstanding First Preference Shares, Series B, at any time on or after December 2, 2002 for a redemption price of $25.00 together with all accrued and unpaid dividends thereon.

The Senior Unsecured Debentures are redeemable at the option of the Corporation at a price calculated as the greater of the principal amount to be redeemed and the amount equal to the net present value of interest and principal based on the Canada Yield plus a premium ranging from 0.43% to 0.87% together with accrued and unpaid interest thereon. There are also stated limitations for additional borrowings, dividend payments, share distribution and redemption and the prepayment of subordinated debt.

Newfoundland Power and Maritime Electric

The Newfoundland Power and Maritime Electric first mortgage bonds are secured by a first fixed and specific charge on utilities' capital assets owned or to be acquired and by a floating charge on all other assets.

Fortis Properties

The Fortis Properties first mortgage bonds are secured by a fixed and floating charge on specific income producing properties. The senior secured notes are collateralized by a first fixed and specific mortgage and a charge on a specific income producing property. The first mortgages and term loan are secured by specific income producing properties.

Canadian Niagara Power

The Canadian Niagara Power term loan is secured by a general security agreement covering all its assets and a collateral mortgage on real property.

Canadian Niagara Power is party to an interest rate swap contract maturing April 30, 2005 to hedge against interest exposures on $10 million of indebtedness. The contract has the effect of fixing the rate of interest at 6.2725% on $10 million of the $16 million term loan. The remaining $6 million of the term loan bears interest at a floating rate of Bankers' Acceptance plus 0.85%.

The interest rate swap contract is accounted for as a hedge against the long term debt. At December 31, 2000, there was an unrecognized loss of $550,000 on the interest rate swap contract. The change in the market value of the interest rate swap contract, which will fluctuate over time, is not recognized until future interest payments are made. Therefore, the change in market value of this contract at year-end has not been recognized in these consolidated financial statements.

Belize Electricity

The 12% fixed rate debentures can be called by that company at any time after June 30, 2003 until maturity by giving the holders not more than 60 days nor less than 30 days written notice and are repayable at the option of the holders at any time on or after June 30, 2002 by giving 12 months written notice to Belize Electricity. Redemption by agreement between Belize Electricity and the debenture holders at any time is also allowed.

The IBRD loans bear interest at 0.5% per annum above the Bank's "Cost of Qualified Borrowings" as defined in the loan agreement and mature in 2003 and 2011.

The CDB loans bear interest at rates ranging from 2% to 8.5% and mature from 2001 to 2014.

The EIB loan bears interest at 5% and matures in 2014.

The other loans bear interest at rates ranging from 5% to 8%, mature from 2001 to 2003 and are unsecured.

The loans contain various negative and positive covenants by Belize Electricity or the Government of Belize regarding future action by Belize Electricity or the Government of Belize. They also contain various events of default in the event of which the loan becomes due and payable.

Repayment of long term debt

The consolidated annual requirements to meet principal repayments in each of the next five years are as follows:

(in thousands)

2001 - $11,881	2002 - $13,638	2003 - $13,606	2004 - $14,182	2005 - $42,088

While the Corporation's liability with respect to long term debt is $740 million (1999 - $549 million), the estimated fair value of the long term debt is $818 million at December 31, 2000 (1999 - $613 million). Fair value is estimated using present value techniques based on borrowing rates at year-end for debt with similar terms and maturities. Since the Corporation does not intend to settle the debt prior to maturity, the fair value estimate does not represent an actual liability and therefore does not include exchange or settlement costs.

7. Deferred Credits

	2000	*(in thousands)*	1999
Contributions in aid of construction	$ **58,063**		$ 54,828
Future income taxes	**14,385**		17,794
Post retirement benefits	**9,726**		9,180
Other	**-**		564
	$ **82,174**		$ 82,366

8. Non-Controlling Interest

The non-controlling interest at December 31, 2000 consists of the non-controlling interest in the net assets of Belize Electricity (Note 17) and preference shares of Newfoundland Power as follows:

	2000	*(in thousands)*	1999
Non-controlling interest in Belize Electricity	$ **23,072**		$ 20,951
Preference shares of Newfoundland Power	**8,430**		8,430
	$ **31,502**		$ 29,381

9. Capital Stock

Authorized

(a) an unlimited number of Common Shares without nominal or par value;

(b) an unlimited number of First Preference Shares, Series A without nominal or par value; and

(c) an unlimited number of First Preference Shares, Series B without nominal or par value.

Issued and Outstanding	2000	*(in thousands)*	1999
14,778,198 Common Shares (1999 - 13,118,881)	$ **209,294**		$ 153,944

	2000		1999	
Common Shares were issued during the year for cash as follows:	**Number of Shares**	**Amount** *(in thousands)*	Number of Shares	Amount *(in thousands)*
Opening balance	**13,118,881**	$ **153,944**	12,980,305	$ 149,092
Additional issue	**1,500,000**	**50,432**	-	-
Consumer Share Purchase Plan	**49,434**	**1,559**	56,686	1,981
Dividend Reinvestment Plan	**56,128**	**1,783**	47,115	1,637
Employee Share Purchase Plan	**38,099**	**1,174**	34,775	1,234
Executive Stock Option Plan	**15,656**	**402**	-	-
	14,778,198	$ **209,294**	13,118,881	$ 153,944

9. Capital Stock *(continued)*

At December 31, 2000, 2,065,478 Common Shares remained in the reserve for issue under the terms of the above plans.

Stock Options

The Corporation is authorized to grant directors of Fortis Inc. and certain key employees of Fortis Inc. and its subsidiaries options to purchase Common Shares of the Corporation.

Number of Options	2000	1999
Outstanding at beginning of year	**220,363**	137,378
Granted	**149,036**	82,985
Exercised	**(15,656)**	-
	353,743	220,363
Range of exercise prices:		
Granted	**$ 29.15**	$ 36.83
Exercised	**$ 24.60 - 27.49**	$ -
Outstanding at end of year	**$ 27.49 - 45.67**	$ 24.60 - 45.67

Details of stock options outstanding are as follows:

Number of Shares	Exercise Price	Expiry Date
13,779	$ 27.49	2001
14,594	$ 33.10	2002
53,349	$ 45.67	2003
40,000	$ 45.12	2003
82,985	$ 36.83	2004
149,036	$ 29.15	2005
353,743		

Earnings per share

The Corporation calculates earnings per Common Share on the weighted average number of Common Shares outstanding of 13,517,236 and 13,047,272 in 2000 and 1999, respectively. Fully diluted earnings per Common Share are calculated using the treasury method. Under this method, there is no dilutive impact of options outstanding in 2000 or 1999.

10. Interest and Amortization

(in thousands)	2000	1999
Amortization of debt and stock issue expenses	**$ 233**	$ 257
Interest - long term debt	**55,055**	44,062
- other	**1,809**	166
Interest charged to construction	**(490)**	(593)
Interest earned	**(1,253)**	(802)
	$ 55,354	$ 43,090

11. Income Tax Rate

The following is a reconciliation of the combined statutory rates to the effective income tax rates:

(per cent)	2000	1999
Statutory income tax rate	**43.4**	43.5
Large corporations tax	**3.4**	2.6
Goodwill amortization	**2.3**	2.2
Pension costs	**(7.4)**	(4.2)
Dividends on preference shares	**2.3**	2.3
Impact of change in tax rates on future income taxes	**(4.4)**	-
Difference between Canadian statutory rates and those applicable to foreign subsidiaries	**(5.6)**	-
Other	**(2.1)**	1.4
Effective income tax rate	**31.9**	47.8

12. Gain on Sale of Certain Trademark Rights

On October 11, 2000, the Corporation sold certain Canadian trademark rights allowing the purchaser to use the name 'Fortis' in respect of insurance and financial services in Canada. Proceeds on the sale were $1,541,000, which resulted in an after-tax gain of $1,209,000.

13. Gain on Sale of Surplus Land

On December 12, 2000, Canadian Niagara Power sold surplus land for proceeds of $2,950,000, resulting in a gain, before income taxes, of $2,643,000. The Corporation's share of the after-tax gain was $1,029,000.

14. Discontinued Operations

On July 5, 1999, Canadian Niagara Power sold the shares of CNWP for consideration of $2,250,000. Earnings from discontinued operations include $182,000 (net of $145,000 tax expense) for the Company's share of the income from CNWP for the period ended July 5, 1999 and $239,000 (net of $415,000 tax expense) for the net loss on disposal of the investment.

The results of discontinued operations have no impact on the determination of earnings applicable to common shares.

15. Change in Accounting Policy

The Corporation has adopted the new recommendations of the Canadian Institute of Chartered Accountants on accounting for income taxes, which require the use of the asset and liability method of accounting for income taxes. This new accounting policy, which was adopted as of January 1, 2000, was applied retroactively and the comparative financial statements have been restated to reflect this change. The cumulative effect of the change as of January 1, 1999 was an increase of $1,053,000 in the future income taxes and a corresponding decrease in retained earnings.

16. Employee Future Benefits

On January 1, 1999 the Corporation, except with respect to Newfoundland Power, adopted the recommendations of Section 3461 of the CICA Handbook, Employee Future Benefits. These recommendations have been applied retroactively. As the effect of this change in accounting policy is not reasonably determinable for individual prior periods, the adjustments were recorded in 1999. The opening balance of retained earnings decreased by $3,266,000 and the associated tax effect reduced future income taxes by $2,649,000.

On January 1, 2000, Newfoundland Power adopted the recommendations of Section 3461 of the CICA Handbook, Employee Future Benefits as they relate to Newfoundland Power's defined benefit pension plan. Pension costs are determined annually by independent actuaries using management's best estimates of expected plan investment performance, salary escalation and retirement ages of employees. Newfoundland Power also provides extended health care and life insurance benefits for all retired employees. In accordance with regulatory requirements the cost of these benefits is recorded in the year incurred.

The Corporation and it subsidiaries have defined benefit pension plans, defined contribution pension plans and group RRSP's and defined benefit plans providing other retirement benefits to its employees.

Information about the plans, which represent contractual obligations of the Corporation, is as follows:

	Pension Benefit Plans			Other Retirement Benefit Plans	
	2000	1999	*(in thousands)*	**2000**	1999
Accrued benefit obligation					
Balance, beginning of year	**$ 135,021**	$ 128,787		**$ 9,180**	$ 8,837
Assumption changes	**7,855**	-		-	-
Current service cost	**2,891**	2,456		**680**	600
Interest cost	**10,379**	9,939		**445**	154
Benefits paid	**(11,050)**	(9,716)		**(317)**	(411)
Actuarial losses (gains)	**9,497**	(631)		**(23)**	-
Curtailments	-	-		**(168)**	-
Plan amendments	**2,679**	4,186		**(157)**	-
Balance, end of year	**157,272**	135,021		**9,640**	9,180
Plan assets					
Fair value, beginning of year	**159,094**	137,059		-	-
Expected return on plan assets	**12,723**	11,050		-	-
Benefits paid	**(11,050)**	(9,716)		-	-
Actuarial (losses) gains	**(1,019)**	10,745		-	-
Contributions to plan	**13,924**	9,956		-	-
Fair value, end of year	**173,672**	159,094		-	-
Funded status - surplus (deficit)	**16,400**	24,073		**(9,640)**	(9,180)
Actuarial gains	**(701)**	-		**(86)**	-
Unamortized amounts	**10,392**	14,718		-	-
Transitional assets	**22,266**	-		-	-
Accrued benefit asset (liability)	**$ 48,357**	$ 38,791		**$ (9,726)**	$ (9,180)

16. Employee Future Benefits *(continued)*

	Pension Benefit Plans		Other Retirement Benefit Plans	
	2000	1999	**2000**	1999
Significant assumptions used				
Discount rate	**7%-7.5%**	6%-8%	**7%**	6%-6.5%
Expected long term rate of return on plan assets	**8%**	8%	**-**	-
Rate of compensation increase	**5%**	4%-5%	**-**	-
Average remaining service period of active employees (years)	**18-24**	17-24	**14-19**	14-19
Net benefit expense for the year		*(in thousands)*		
Current service cost	**$ 1,682**	$ 1,314	**$ 680**	$ 600
Interest cost	**10,379**	9,939	**445**	154
Actuarial gains	**-**	-	**(23)**	-
Curtailment gains	**-**	-	**(168)**	-
Expected return on plan assets	**(12,723)**	(11,050)	**-**	-
Amortization of transitional obligation and amendments	**3,984**	4,010	**-**	-
Amortization of actuarial gain	**-**	(1,589)	**-**	-
Net benefit expense	**$ 3,322**	$ 2,624	**$ 934**	$ 754

17. Business Acquisitions

Zeigler Energy Demands

On October 30, 2000, Canadian Niagara Power acquired 100% of Zeigler Energy Demands, a gas marketing company in the Niagara Region. The total consideration was $100,000 cash and a $100,000 note bearing an interest rate of 6% payable on October 30, 2001. The acquisition was accounted for using the purchase method, whereby the results of operations have been included in the consolidated financial statements commencing October 2000.

Income Producing Properties

On December 14, 2000, Fortis Properties purchased the remaining 50% of the common shares of Brunswick Square for $6,150,000 in cash. On August 31, 1999, Fortis Properties initially purchased 50% of the common shares of Brunswick Square for $10,118,000 in cash. These business acquisitions have been accounted for using the purchase method, whereby the results of operations of Brunswick Square have been proportionately consolidated to December 14, 2000 and consolidated thereafter.

On January 31, 1999, Fortis Properties purchased 100% of the common shares of Mount Peyton Motel Company Limited ("Mount Peyton") for $1,750,000 in cash and a $450,000 note payable. The business acquisition has been accounted for by the purchase method, whereby the results of operations of Mount Peyton have been included in the consolidated financial statements commencing February 1, 1999.

Belize Electricity

During October and November 1999, Fortis Inc. acquired a 67% interest in Belize Electricity, the main commercial generator, transmitter and distributor of electricity in Belize. The total consideration was $36,800,000 in cash. The acquisition was accounted for using the purchase method, whereby the results of operations have been included in the consolidated financial statements commencing November 1999.

FortisUS Energy

On December 14, 2000, FortisUS Energy purchased two hydroelectric generating stations located in upper New York State for $6,943,000 in cash.

On December 30, 1999, Fortis Inc. through its FortisUS Energy subsidiary purchased two hydroelectric generating stations located in upper New York State for $19,767,000 in cash. Due to the timing of the purchase there are no operations to report in these consolidated financial statements for 1999.

The purchase price allocation to net assets based on their fair values is as follows:

2000 *(in thousands)*	Zeigler Energy Demands	Income Producing Properties	Total
Cost	$ 100	$ 6,150	$ 6,250
Fair value assigned to net assets:			
Utilities' capital assets	11	-	11
Income producing properties	-	17,029	17,029
Cash	-	1,545	1,545
Current assets	27	797	824
Future income tax asset	-	1,642	1,642
Unearned revenue	(18)	-	(18)
Current liabilities	(26)	(1,383)	(1,409)
Long term debt	-	(13,480)	(13,480)
Goodwill	106	-	106
	$ 100	$ 6,150	$ 6,250

1999 *(in thousands)*	Belize Electricity	Income Producing Properties	Total
Cost	$ 36,800	$ 12,318	$ 49,118
Fair value assigned to net assets:			
Utilities' capital assets	135,075	-	135,075
Income producing properties	-	28,560	28,560
Cash	6,308	3,045	9,353
Current assets	16,500	1,629	18,129
Bank indebtedness	(1,997)	-	(1,997)
Current liabilities	(12,824)	(2,425)	(15,249)
Long term debt	(60,169)	(16,315)	(76,484)
Other liabilities	(24,822)	(2,176)	(26,998)
Non-controlling interest	(21,271)	-	(21,271)
	$ 36,800	$ 12,318	$ 49,118

18. Supplementary Information to Consolidated Statement of Cash Flows

(in thousands)	2000	1999
Interest paid	$ 57,100	$ 41,941
Income taxes paid	$ 21,200	$ 24,450
Change in non-cash working capital		
Current assets	$ (11,960)	$ (4,705)
Acquisition of current assets (Note 17)	824	18,129
Current liabilities	35,435	16,311
Acquisition of current liabilities (Note 17)	(1,409)	(15,249)
Deferred charges and other assets	(2,496)	739
	$ 20,394	$ 15,225

19. Segmented Information

The accounting policies of the segments are described in the Summary of Accounting Policies. Information by reportable segment is as follows:

2000 *(in thousands)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	FortisUS Energy	Non-Utility	Corporate	Consolidated
Operating revenues	$ 348,413	$ 91,429	$ 18,444	$ 63,561	$ 3,069	$ 56,396	$ 3,263	$ 584,575
Operating expenses	251,752	76,308	7,120	44,141	1,272	35,904	1,915	418,412
Amortization	29,625	7,787	1,350	6,846	442	3,333	3,148	52,531
Operating income	67,036	7,334	9,974	12,574	1,355	17,159	(1,800)	113,632
Finance charges	26,641	8,093	1,046	3,642	417	10,233	8,257	58,329
Income taxes	13,296	(1,758)	3,747	779	323	2,328	(1,082)	17,633
Gain on sale of certain trademark rights							1,209	1,209
Gain on sale of surplus land			1,029					1,029
Non-controlling interest	626			2,634			(111)	3,149
Earnings	$ 26,473	$ 999	$ 6,210	$ 5,519	$ 615	$ 4,598	$ (7,655)	$ 36,759
Identifiable assets	$ 648,087	$ 191,191	$ 32,052	$ 178,770	$ 28,282	$ 271,029	$ 129,185	$1,478,596
Capital expenditures	$ 43,680	$ 12,591	$ 3,350	$ 20,979	$ 7,111	$ 69,425	$ 516	$ 157,652

1999 *(in thousands)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	FortisUS Energy (Note 17)	Non-Utility	Corporate	Consolidated
Operating revenues	$ 342,001	$ 86,711	$ 21,568	$ 9,258	$	$ 45,670	$ 10	$ 505,218
Operating expenses	245,464	61,480	10,894	6,460		29,981	1,948	356,227
Amortization	29,638	7,462	1,174	1,129		2,867	3,137	45,407
Operating income	66,899	17,769	9,500	1,669		12,822	(5,075)	103,584
Finance charges	26,488	7,657	765	687		8,394	2,074	46,065
Income taxes	16,927	4,814	3,927	113		2,238	(543)	27,476
Results of discontinued operations			(57)					(57)
Non-controlling interest	626			288			(111)	803
Earnings	$ 22,858	$ 5,298	$ 4,751	$ 581	$ -	$ 2,190	$ (6,495)	$ 29,183
Identifiable assets	$ 627,695	$ 180,216	$ 31,302	$ 161,236	$ 20,484	$ 182,419	$ 35,245	$1,238,597
Capital expenditures	$ 43,792	$ 14,395	$ 3,016	$ 2,294	$ 19,767	$ 3,140	$ 71	$ 86,475

20. Joint Ventures

The Corporation and Niagara Mohawk Holdings Inc. each own 50% of the outstanding shares of Canadian Niagara Power. Both companies share equally in management and earnings. In addition, Fortis Properties owned 50% of the common shares of Brunswick Square until December 14, 2000 at which time the remaining 50% was acquired (Note 17).

The effect of the proportionate consolidation is summarized as follows:

		2000	*(in thousands)*	1999
Earnings	Operating revenues	**$ 28,956**		$ 24,922
	Operating expenses	**16,165**		14,518
	Finance charges	**2,052**		765
	Income taxes	**3,226**		3,927
	Discontinued operations	**-**		57
		21,443		19,267
	Gain on sale of surplus land	**1,029**		-
	Earnings	**$ 8,542**		$ 5,655
Assets and Liabilities	Current assets	**$ 3,054**		$ 5,766
	Other assets	**2,310**		4,267
	Capital assets	**25,072**		23,501
	Long term investment	**1,616**		-
	Income producing properties	**-**		36,190
		$ 32,052		$ 69,724
	Current liabilities	**$ 4,009**		$ 6,179
	Long term liabilities	**18,892**		26,848
		$ 22,901		$ 33,027
Cash Flows	Operations	**$ 5,078**		$ 7,990
	Investing	**(3,524)**		(2,026)
	Financing	**(3,879)**		(7,763)
	Net cash flows	**$ (2,325)**		$ (1,799)

21. Derivatives

The Corporation has an exposure to the U.S./Canadian dollar exchange rate primarily through its investments in U.S. dollar denominated operations. The Corporation has established a hedging program to eliminate a portion of that long term exposure. At December 31, 2000, the Corporation had entered into a flat forward contract to hedge U.S. dollar denominated cash flows of approximately U.S. $2.5 million per annum thereby mitigating potential currency exposures on the anticipated cash flows from these U.S. dollar investments. Canadian Niagara Power, which is proportionately consolidated, uses an interest rate swap contract to mitigate exposure to interest rate fluctuations on long term debt (Note 6).

22. Contingent Liability

In 2000, the Canada Customs and Revenue Agency (CCRA) issued Notices of Reassessment to Newfoundland Power confirming the deductibility of certain amounts capitalized by Newfoundland Power for regulatory and accounting purposes, and reconfirming a 1995 reassessment, which included in income the value of electricity consumed in December but not billed until January. Newfoundland Power's practice, which has been consistent and is in accordance with regulatory requirements, is to record revenue on a billed basis.

Newfoundland Power believes it has reported its tax position appropriately and has filed a Notice of Objection with the Minister of National Revenue. No provision has been made in the accounts for additional income taxes, if any, which may be determined to be payable. Should Newfoundland Power be unsuccessful in defending its position, a liability of approximately $14 million, including accrued interest, would arise. In this event, Newfoundland Power would apply to the PUB to include the amount in the rate making process. The application may include a request to change the current accounting practice of recognizing revenue when billed. If the PUB approves this change in accounting practice, electricity, valued at approximately $17 million, consumed in December but not billed until January would be included in income.

The provisions of the Income Tax Act require Newfoundland Power to deposit one half of the amount in dispute with CCRA. The amount currently withheld by CCRA arising from the 2000 reassessment is approximately $14 million. This amount exceeds the required deposit by approximately $7 million and, accordingly, Newfoundland Power has requested that this amount be refunded.

23. Subsequent Event

On January 26, 2001, the Corporation purchased a 95% interest in Belize Electric Company Limited for aggregate consideration of U.S. $62 million representing the fair market value of the assets acquired.

Historical Financial Summary

	2000	1999	1998	1997
Statement of Earnings (in thousands $)				
Operating Revenues	**584,575**	505,218	472,725	486,662
Operating Expenses	**418,412**	356,227	339,429	341,024
Amortization	**52,531**	45,407	42,428	41,147
Finance Charges: Interest and amortization	**55,354**	43,090	40,662	38,658
Dividends on preference shares	**2,975**	2,975	2,975	6,232
Income Taxes	**17,633**	27,476	22,998	29,449
Results of Discontinued Operations and Other Unusual Items	**2,238**	(57)	3,696	369
Equity Income				
Non-Controlling Interest	**3,149**	803	515	515
Earnings Applicable to Common Shares	**36,759**	29,183	27,414	30,006
Balance Sheet (in thousands $)				
Current Assets	**111,963**	92,862	94,123	78,603
Long Term Investments	**81,515**			
Other Assets	**170,707**	160,998	162,487	160,445
Capital Assets	**1,114,411**	984,737	780,582	778,348
Total Assets	**1,478,596**	1,238,597	1,037,192	1,017,396
Current Liabilities	**208,101**	229,569	147,764	172,158
Long Term Debt	**678,350**	487,828	424,275	385,627
Preference Shares	**50,000**	50,000	50,000	50,000
Deposits Due Beyond One Year	**16,329**	15,640	15,745	20,444
Deferred Credits	**82,174**	82,366	52,301	54,194
Non-Controlling Interest	**31,502**	29,381	8,430	8,430
Shareholders' Equity	**412,140**	343,813	338,677	326,543
Cash Flow (in thousands $)				
Operations	**100,453**	84,679	68,898	63,202
External Financing	**178,509**	66,797	15,858	16,721
Investing Activities	**244,160**	122,469	65,882	54,093
Dividends	**27,661**	24,303	23,824	22,968
Financial Statistics				
Return on Average Common Shareholders' Equity	**9.73%**	8.55%	8.24%	9.43%
Capitalization Ratios (year end)				
Long Term Debt	**57.8%**	53.5%	51.7%	50.0%
Non-Controlling Interest	**2.7%**	3.2%	1.0%	1.1%
Preference Shares	**4.3%**	5.5%	6.1%	6.5%
Common Shareholders' Equity	**35.2%**	37.8%	41.2%	42.4%
Interest Coverage				
Debt	**2.1**	2.3	2.2	2.6
All Fixed Charges	**1.9**	2.1	2.0	2.0
Capital Expenditures (in thousands $)	**157,652**	86,475	65,468	49,773
Common Share Data				
Book Value per Share (year end) ($)	**27.89**	26.21	26.09	25.58
Average Common Shares Outstanding (in thousands)	**13,517**	13,047	12,908	12,623
Earnings per Common Share ($)	**2.72**	2.24	2.12	2.38
Dividends Declared per Common Share ($)	**1.84**	1.82	1.80	1.77
Dividends Paid per Common Share ($)	**1.84**	1.81	1.80	1.76
Dividend Payout Ratio	**67.6%**	80.8%	84.9%	73.9%
Price Earnings Ratio	**13.2**	14.0	18.0	17.6
Share Trading Summary				
Closing Price ($) (TSE)	**36.00**	31.40	38.25	42.00
Volume (in thousands) (TSE & ME)	**6,690**	2,256	3,089	3,380

Note: Certain comparative figures have been reclassified to confirm with the current year's presentation.

1996	1995	1994	1993	1992	1991	1990
474,293	447,035	388,558	343,252	337,405	324,774	309,853
334,388	315,003	271,607	241,310	240,045	232,081	223,957
35,993	37,998	32,722	27,513	26,396	24,942	24,242
38,487	37,246	28,814	25,885	24,778	23,531	22,603
7,325	4,448	4,350	4,350	4,350	4,350	1,207
28,029	20,334	23,040	18,827	16,480	15,632	13,456
			2,396	2,387	1,920	863
1,026	1,414	1,062	1,480	1,931	2,316	2,460
29,045	30,592	26,963	26,283	25,812	23,842	22,791
70,456	72,659	78,230	57,504	62,176	53,095	46,775
			36,574	35,526	30,755	17,007
160,470	120,289	94,618	57,398	50,887	45,147	32,457
766,608	723,461	664,713	508,213	493,631	474,831	456,536
997,534	916,409	837,561	659,689	642,220	603,828	552,775
172,493	153,368	160,864	102,660	96,638	125,134	112,649
335,654	285,343	264,699	221,988	218,906	157,312	157,881
100,000	100,000	50,000	50,000	50,000	50,000	50,000
17,448	16,703	18,172	19,683	13,517	13,213	1,600
53,658	47,307	48,337	25,621	25,820	26,480	24,849
8,430	18,990	20,702	10,905	22,296	29,889	30,938
309,851	294,698	274,787	228,832	215,043	201,800	174,858
86,351	60,701	62,134	62,194	61,244	57,671	49,715
33,992	60,057	64,557	4,174	16,805	30,072	70,588
95,838	103,078	106,405	48,924	53,245	68,802	105,495
22,416	22,048	24,136	21,893	21,508	21,521	17,120
9.61%	10.74%	10.71%	11.84%	12.38%	12.66%	13.49%
44.5%	41.8%	44.3%	43.6%	43.5%	41.2%	38.9%
1.1%	2.7%	3.3%	2.2%	4.4%	6.2%	7.4%
13.3%	14.1%	8.1%	9.7%	9.8%	10.4%	11.9%
41.1%	41.4%	44.3%	44.5%	42.3%	42.2%	41.8%
2.6	2.4	2.8	2.7	2.8	2.8	2.5
1.9	2.0	2.2	2.2	2.2	2.0	2.1
53,420	89,893	51,249	43,752	46,916	45,052	69,242
24.83	24.18	23.29	22.13	21.10	20.04	18.82
12,319	12,100	10,949	10,270	10,131	9,907	9,254
2.36	2.53	2.46	2.56	2.55	2.41	2.46
1.72	1.70	1.64	1.56	1.50	1.48	1.45
1.72	1.69	1.62	1.54	1.49	1.48	1.435
72.9%	66.8%	65.9%	60.2%	58.8%	61.4%	58.3%
14.4	10.8	10.5	11.2	9.6	9.9	8.8
34.00	27.25	25.75	28.75	24.50	24.00	21.63
3,405	2,018	2,030	3,041	2,186	1,773	1,802

Corporate Directory

Fortis Inc.

Directors - Angus A. Bruneau (Chair)
Gilbert S. Bennett
Bruce Chafe
Darryl D. Fry
Linda L. Inkpen
H. Stanley Marshall
David A. Scales
James M. Stanford

Officers - H. Stanley Marshall
President and Chief Executive Officer
Karl W. Smith
Vice President, Finance and Chief Financial Officer
Ronald W. McCabe
General Counsel and Corporate Secretary
Donna G. Hynes
Assistant Secretary

Newfoundland Power Inc.

Directors - Bruce Chafe (Chair), Frank J. Coleman, Rex V. Gibbons, Derrick E. Gill, Derek F. Hiscock, Frank P. Howard, Philip G. Hughes, James A. Lea, H. Stanley Marshall, Dell Texmo, Lynn R. Young, Peter Woodward

Officers - Philip G. Hughes, President and Chief Executive Officer
Barry V. Perry, Vice President, Finance and Chief Financial Officer
Nora M. Duke, Vice President, Customer and Corporate Services
John G. Evans, Vice President, Engineering and Energy Supply
Earl A. Ludlow, Vice President, Operations
Peter S. Alteen, Corporate Counsel and Secretary

Maritime Electric Company, Limited

Directors - David A. Scales (Chair), Beverley L. Deelstra, Philip G. Hughes, Frederick E. Hyndman, James A. Lea, W. David Loggie, N. Pauline MacDonald, George A. MacMurdo, H. Stanley Marshall, Raymond M. Murphy, John C. Walker

Officers - James A. Lea, President and Chief Executive Officer
J. William Geldert, Vice President, Finance and Corporate Secretary
John D. Gaudet, Vice President, Operations

FortisUS Energy Corporation

Directors - H. Stanley Marshall (Chair), William J. Daley, Wendell H. Roberts

Officers - James A. Lea, President and Chief Executive Officer
J. William Geldert, Vice President and Corporate Secretary
Darlene D. Auld, Treasurer

Belize Electricity Limited

Directors - Robert Usher (Chair), Fernando E. Coye, Philip G. Hughes, James A. Lea, H. Stanley Marshall, Karl H. Menzies, Yasin Shoman, Karl W. Smith, Lynn R. Young

Officers - Lynn R. Young, President and Chief Executive Officer
Rene J. Blanco, Vice President, Finance and Chief Financial Officer
Derek Davis, Vice President, Energy Supply
Michael Polonio, Vice President, Customer Services & Business Development
Joseph Sukhnandan, Vice President, Planning and Engineering
Juliet Estell, Company Secretary

Canadian Niagara Power Company, Limited

Directors -Harry W. Macdonell (Chair), Gilbert S. Bennett, Albert J. Budney, William E. Davis, Richard Drouin, H. Stanley Marshall, Milan M. Nastich, Grant L. Reuber, Karl W. Smith

Officers - Mardon J. Erbland, President and Chief Executive Officer
Timothy B. Curtis, Vice President, Finance and Chief Financial Officer
William J. Daley, Vice President, Corporate Development
Frederick J. O'Brien, Vice President, Engineering and Operations
Ronald W. McCabe, Corporate Secretary

Caribbean Utilities Company, Ltd.

Directors - Joseph A. Imparato (Chair), Philip A. Barnes, Ian L. Boxall, Frank J. Crothers (Vice Chair), Bruce D.C. Drake, Timothy Hubbell, Robert D. Imparato, H. Stanley Marshall, David E. Ritch, Karl W. Smith, Peter A. Thomson, Peter N. Thomson (Vice Chair), A. Joel Walton

Officers - Joseph A. Imparato, Chairman
Peter A. Thomson, President and Chief Executive Officer
Frank J. Crothers, Vice Chairman
Peter N. Thomson, Vice Chairman
Bruce D.C. Drake, Executive Vice President and General Manager
J.F. Richard Hew, Senior Vice President and General Manager (Designate)
William J.N. Forsythe, Senior Vice President and Chief Financial Officer
Ian L. Boxall, General Counsel
Deborah E. Bergstrom, Vice President, Human Resources and Administration
R. Scott Hawkes, Company Secretary
Robert D. Imparato, Assistant Corporate Secretary
Eddinton M. Powell, Vice President, Finance
Robert L. Smith, Vice President, Production
M. Jerome Wallace, Vice President, Planning and Engineering

Fortis Properties Corporation

Directors - Linda L. Inkpen (Chair), Angus A. Bruneau, Bruce Chafe, H. Stanley Marshall

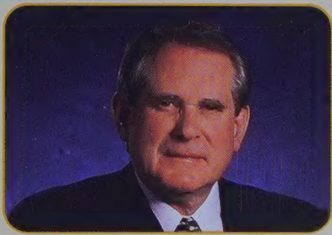
Officers - John C. Walker, President and Chief Executive Officer
Neal J. Jackman, Vice President, Finance and Chief Financial Officer
Stanley D. Collins, Vice President, Operations - Newfoundland
Michael A. Mulcahy, Vice President, Employee and Hospitality Services
Wayne W. Myers, Vice President, Operations - Maritimes
Ronald W. McCabe, General Counsel and Corporate Secretary

Fortis Trust Corporation

Directors - David R. Baird (Chair), Philip G. Hughes, Malcolm C. LeMessurier, H. Stanley Marshall, A. Douglas Moores, Harold L. Wareham, Derek W. Young

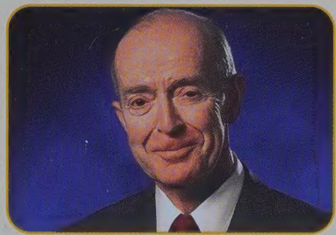
Officers - H. Stanley Marshall, President and Chief Executive Officer
Glen C. King, Vice President, Finance and Chief Financial Officer
Jack E. Sargent, Vice President and Branch Manager
Ronald W. McCabe, General Counsel and Corporate Secretary
Donna G. Hynes, Assistant Secretary

Board of Directors



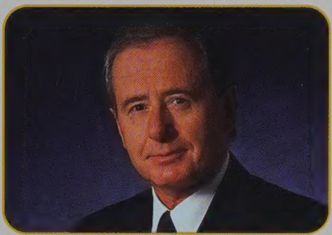
Angus A. Bruneau
Chair, Fortis Inc.
St. John's, Newfoundland

Dr. Bruneau, 65, joined the Fortis Inc. Board in 1987 and is Chair of the Board. He retired as CEO of Fortis Inc. in 1996. Dr. Bruneau is a Director of Petro-Canada, SNC-Lavalin Group Inc., Canada Life Assurance Company, Inco Limited, North Atlantic Pipeline Partners Limited, Canada's Top 40 Under 40 and Canadian Council for Canadian Unity - Newfoundland Branch.



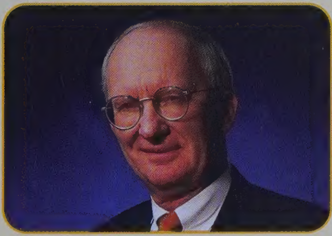
Gilbert S. Bennett
Business Consultant and Corporate Director
Guelph, Ontario

Mr. Bennett, 62, joined the Fortis Inc. Board in 1993. He is Chair of Canadian Tire Corporation, Limited, Encal Energy Limited and Bracknell Corporation, and a Director of Canadian Niagara Power Company, Limited.



Bruce Chafe
Corporate Director
St. John's, Newfoundland

Mr. Chafe, 64, joined the Fortis Inc. Board in 1997. He was appointed Chair of the Board of Newfoundland Power Inc. in 2000 and is a Director of Fortis Properties Corporation. Mr. Chafe is also a Director of several private investment firms. He is a retired senior partner of Deloitte & Touche LLP.



Darryl D. Fry
Corporate Director
Sarasota, Florida

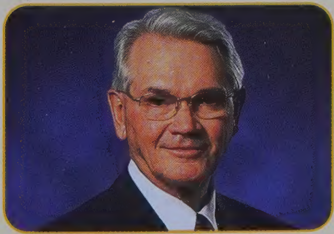
Mr. Fry, 62, joined the Fortis Inc. Board in May 1998. He retired as CEO of Cytec Industries in 1998 and retired as Chairman in 1999. Mr. Fry continued to serve as a Director of Cytec Industries until January 2001. He is a Director of EPMed Systems.

Linda L. Inkpen
Medical Practitioner
St. John's, Newfoundland

Dr. Inkpen, 53, was elected to the Fortis Inc. Board in 1994. She is past Chair of the Board of Newfoundland Power Inc. Dr. Inkpen was appointed Chair of the Board of Fortis Properties Corporation in 2000. She is also a member of the Council for Canadian Unity.

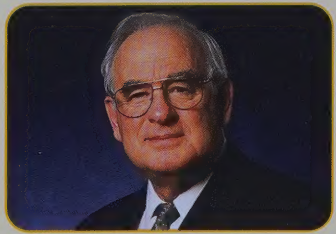
H. Stanley Marshall
President and CEO, Fortis Inc.
St. John's, Newfoundland

Mr. Marshall, 50, has served on the Fortis Inc. Board since 1995. He joined Newfoundland Power Inc. in 1979 and was appointed President and CEO of Fortis Inc. in 1996. Mr. Marshall serves on the Boards of all Fortis companies and is a Director of Toromont Inc. and the Conference Board of Canada.



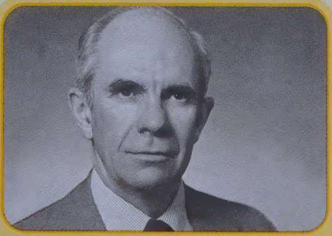
David A. Scales
Chair, Maritime Electric Company, Limited
Charlottetown, Prince Edward Island

Mr. Scales, 70, joined the Fortis Inc. Board in 1995. He has been a Director of Maritime Electric Company, Limited since 1977 and was appointed Chair of the Board in 1993. Mr. Scales is also a member of the Council for Canadian Unity.



James M. Stanford
President, Stanford Resource Management Inc., Calgary, Alberta

Mr. Stanford, 63, joined the Fortis Inc. Board in 1997. He is former Chairman of the Board of Petro-Canada. Mr. Stanford is a Director of Nova Chemicals Corporation, Inco Limited, OMERS Resources and Sunfire Energy Corporation. He also sits on the Boards of the Mount Royal College Foundation and the Alberta Performing Arts Stabilization Fund.



Alastair Cameron (1920 - 2001)

Fortis was saddened by the passing of Mr. Alastair Cameron in January 2001. We are extremely grateful for his valuable contribution during his affiliation with the Fortis Group of Companies, which spanned more than three decades.

Fortis
1987-1991: Board of Directors

Newfoundland Power
1969-1991: Board of Directors
1978-1981: President

Maritime Electric
1964-1995: Board of Directors
1978-1982: Chairman of the Board
1974-1978: President
1967-1974: Vice President

Investor Information

Transfer Agent and Registrar

Computershare is responsible for the maintenance of shareholder records and the issue, transfer and cancellation of stock certificates. Transfers can be effected at their Halifax, Montreal and Toronto offices. Computershare also distributes dividends and shareholder communications. Inquiries with respect to these matters and corrections to shareholder information should be addressed to the Transfer Agent.

Computershare Trust Company of Canada
Place Montreal Trust
6th Floor, 1800 McGill College Avenue
Montreal, Quebec H3A 3K9
T: 514-982-7555
T: 1-800-564-6253
F: 514-982-7635
E: caregistryinfo@computershare.com
W: www.computershare.com

Direct Deposit of Dividends

Shareholders may obtain automatic electronic deposit of dividends to their designated Canadian financial institutions by contacting the Transfer Agent.

Dividend Reinvestment Plan and Consumer Share Purchase Plan

Fortis Inc. offers a Dividend Reinvestment Plan* and Consumer Share Purchase Plan** to Common Shareholders as a convenient method of increasing their investments in Fortis Inc. Participants have dividends plus any optional cash payments (minimum of $100; maximum of $20,000 annually) automatically deposited in the Plans to purchase additional Common Shares. Shares are sold quarterly on March 1, June 1, September 1, and December 1 at the average market price then prevailing on The Toronto Stock Exchange. Inquiries should be directed to Dividend Reinvestment Services, Computershare Trust Company of Canada.

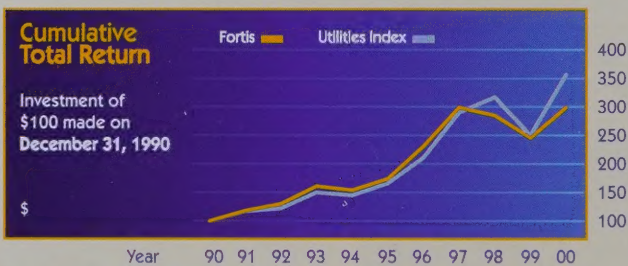
* *All registered shareholders of Common Shares who are residents of Canada are eligible to participate in the Dividend Reinvestment Plan. Shareholders residing outside Canada may also participate unless participation is not allowed in that jurisdiction. Residents of the United States, its territories or possessions are not eligible to participate.*

** *The Consumer Share Purchase Plan is offered to residents of the provinces of Newfoundland and Labrador and Prince Edward Island.*

Valuation Day

For capital gains purposes, the valuation day prices are as follows:

December 22, 1971	$ 6.125
February 22, 1994	$ 28.625



Share Listings

The Toronto Stock Exchange
Common Shares: FTS
First Preference, Series B: FTS.PR.B

Stock Prices

	High	Low	Close
2000	36.75	27.50	36.00
1999	39.70	29.15	31.40
1998	48.00	35.00	38.25
1997	42.50	31.30	42.00
1996	34.70	27.00	34.00
1995	28.00	24.25	27.25
1994	30.00	23.75	25.25
1993	29.25	23.50	28.75
1992	24.50	22.00	24.50
1991	24.25	21.00	23.88
1990	22.75	19.38	21.63

Duplicate Annual Reports

While every effort is made to avoid duplications, some shareholders may receive extra reports as a result of multiple share registrations. Shareholders wishing to consolidate these accounts should contact the Transfer Agent.

Dividend* and Earnings Dates

Expected Dividend Record Date

May 4, 2001 | August 10, 2001
November 9 , 2001 | February 8, 2002

Expected Dividend Payment Date

June 1, 2001 | September 1, 2001
December 1, 2001 | March 1, 2002

Expected Earnings Release Date

April 25, 2001 | July 25, 2001
October 31, 2001 | January 30, 2002

**The declaration and payment of dividends are subject to Board of Directors' approval.*

Annual General Meeting

Wednesday, May 16, 2001
11:00 a.m., Newfoundland Standard Time
Holiday Inn St. John's
180 Portugal Cove Road
St. John's, Newfoundland, Canada

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F: 902-629-3665
W: www.maritimeelectric.com

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115 Barrack Road
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F: 501-2-30891
W: www.bel.com.bz

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1130 Bertie Street
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F: 905-871-8676
W: www.cnpower.com

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F: 315-348-6847

Caribbean Utilities Company, Ltd.
PO Box 38 GT
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F: 345-949-4621
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